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Japan

Japan: MITI Chief Says Tokyo Rejected U.S. Chip Pact Extension

OW1302025796 Tokyo KYODO in English 0203 GMT 13 Feb 96

[FBIS Transcribed Text] Tokyo, Feb. 13 KYODO — Japan rejected a U.S. request to extend the current bilateral semiconductor agreement, when trade officials of the two countries met last week, International Trade and Industry Minister Shumpei Tsukahara said Tuesday [12 February].

The trade officials convened in suburban Los Angeles on Thursday and Friday to review what had been achieved under the agreement. After the end of the formal session, Japan was urged to extend the pact, which the United States believes has been working well.

Describing Japan's refusal, Tsukahara told a news conference, "we explained our stance and that was that."

The trade ministry argues that no extension of the agreement is needed now that foreign microchips account for more than 20 percent of the Japanese market, the target envisaged by the pact.

Washington had been reported to have asked for the accord to be extended just once more, and to have offered to delete its numerical target, but Tsukahara said the U.S. made no such concrete proposals.

Tsukahara also said the House of Councillors has approved his attending an informal session of Asian economic ministers, who are to meet Thursday and Friday in preparation for the March 1-2 summit of Asian and European heads of state in Bangkok.

However, he has yet to obtain approval from the House of Representatives, he added.

The summit, the first of its kind, will be attended by Japan, China, South Korea and seven member states of the Association of Southeast Asian Nations (ASEAN) as well as 15 European Union (EU) members. Trade and investment are likely to be high on the agenda of the talks.

Japan: Official Says Semiconductor Talks With U.S., EU Planned

OW1302105096 Tokyo SANKEI SHIMBUN in Japanese 10 Feb 96 Morning Edition p 9

[FBIS Translated Text] A plan is afoot for Japan, the United States, the European Union [EU] to hold regular trilateral government-level meetings on semiconductors, a top leader of the Ministry of International Trade and Industry [MITI] disclosed on 9 February. In the talks, they will not discuss the market share listed in the Japan-U.S. semiconductor agreement or other issues that may affect economic friction but will discuss prospects for long-term supply and demand. The first meeting will be held by the end of this year at the earliest.

As for the semiconductor issue, the Japan-U.S. semiconductor agreement concluded in 1986 is scheduled to expire in July, and whether it should be extended has become an issue between Japan and the United States, which calls for extending the accord. For this reason, there is a possibility that the trilateral talks will replace the Japan-U.S. framework created under the agreement.

The plan to hold the trilateral meetings was first conceived with the EU's request to participate with Japan and the U.S. in periodic talks on semiconductors. In response, Japan and the United States were reluctant to let the EU take part in the current framework of Japan-U.S. talks. However, as for establishing a framework for trilateral talks to exchange information about and prospects for the future of semiconductors, "the two governments agree that there is no particular problem" (according to the top MITI leader).

Japan: Ota Demands Base Cut in Talks With Gen. Krulak

OW1302050196 Naha OKINAWA TIMES in Japanese 12 Feb 96 Morning Edition p 2

[FBIS Translated Text] On the morning of 11 February, General Charles C. Krulak, commandant of the U.S. Marine Corps [USMC], paid a courtesy call on Okinawa Governor Masahide Ota at the prefectural office. Krulak is currently visiting Okinawa to inspect units deployed in the Asia-Pacific region. At the meeting, Ota touched on U.S. Forces-related incidents and accidents, saying: "More accidents resulting in human injury or death will harm friendly relations between Japan and the United States." He then demanded the removal of Futenma Air Station, claiming the base exposes people living nearby to great danger. In response, Krulak said: "It is necessary to maintain security and friendly ties between the two nations. We will do our best to ensure the safety of Okinawan residents." However, concerning the consolidation and reduction of military bases in the prefecture, he merely noted that the matter should be left to the Japan-U.S. special action committee.

Krulak is the first top U.S. military official to visit the prefectural office since U.S. servicemen raped a local schoolgirl last September. Major General Wayne E. Rollings, the U.S. Forces Okinawa area coordinator, accompanied him. During the meeting, Krulak did not express an apology for the rape case. However, he said: "Since this incident, each Marine has been very friendly toward Okinawan residents. There is no ideal world. Military- related accidents and incidents have also occurred in the United States. We would like to make efforts to ensure the safety of Okinawan people."

Meanwhile, Ota said: "The government stresses the importance of the Japan-U.S. security system. However, ensuring the safety of Okinawa residents is prerequisite to maintaining friendly ties between Japan and the United States." He then called for consolidating and reducing U.S. Forces in Okinawa, which account for 75 percent of all U.S. military facilities in Japan. In particular, he demanded the removal of Futenma Air Station, claiming that the base exposes 15 schools and a housing area nearby to constant danger.

In response, General Krulak said: "Promoting exchanges between the two nations is certainly most important for maintaining the bilateral security system," and "What you said is reasonable. Currently, the Japanese and U.S. Governments have discussed Okinawan problems at the special action committee. I am sure there will be some progress in the talks."

After the meeting, Ota said: "Privately, General Krulak showed his understanding of Okinawa issues. However, when it came to government and military policies, he also took a tough attitude. Anyway, I will continually say what I have to say." In this way, he indicated that he would continually demand the consolidation and reduction of military bases. Meanwhile, Krulak told reporters when he was asked about the possibility of the USMC withdrawing from Okinawa and changing its forward deployment policy: "This is beyond my purview. This is what the Japanese and U.S. Governments should decide at the special action committee."

Tokyo Urges Naha Court To Dismiss Suit by Landowners

OW1302083996 Tokyo KYODO in English 0753 GMT 13 Feb 96

[FBIS Transcribed Text] Naha, Japan, Feb. 13 KYODO — The Japanese Government urged the Naha District Court on Tuesday [13 February] to dismiss a suit by some 500 Okinawa landowners against an executive order forcing them to lease their land to the U.S. military.

The landowners are demanding the court overturn the order signed last May by then Prime Minister Tomiichi Murayama forcing them to lease their land for use on Kadena Air Base and Futemma Air Base.

The landowners are also demanding that the rulings of the prefectural expropriations committee and the authorization for the use of the land made in 1987 and 1992 also be overturned.

According to the landowners' suit, Murayama's order to the head of the Naha branch of the Defense Facilities Administration Agency is a violation of the Constitution since "the special provisions for land use for the U.S. military are a violation of the pacifism of the Constitution."

Japan's central and Okinawa prefectural governments have also squared off over Okinawa Gov. Masahide Ota's refusal to sign documents needed to force an extension of the leases of Okinawa land to the U.S. military.

The state is arguing in another court battle that the U.S. military presence in Japan serves the national interest.

About two-thirds of the 47,000 U.S. troops stationed in Japan are based in Okinawa, Japan's southernmost prefecture. Although Okinawa accounts for less than 1 percent of Japan's overall territory, about 75 percent of the land occupied by U.S. military facilities in Japan is in Okinawa.

Tokyo Considering Developing YSX With Canada

OW1302060896 Tokyo NIHON KEIZAI SHIMBUN in Japanese 12 Feb 96 Morning Edition p 1

[FBIS Translated Text] In connection with the development of a small, next-generation jet passenger plane (YSX), the Ministry of International Trade and Industry [MITI] and aircraft manufacturers, such as Mitsubishi Heavy Industries [MHI], have decided on virtually giving up the plan to join with Boeing Co. of the United States in the small passenger aircraft project being promoted by China and the ROK. Contacts have already been made to other companies such as Bonbaruvia Co. [name as transliterated], a Canadian small aircraft maker, as candidates for partnership in the new joint development program. Originally, the YSX project and the PRC-ROK joint project would be consolidated under Boeing's leadership. However, it was then decided that in that case, Japan would not be able to play a leadership role. At the same time, it has been decided that the aircraft to be developed will be shifted from the original 100-seat class to the 75-seat class. In the face of keen international competition, a major shift will thus be made in developing the YSX aircraft since discussions were started eight years ago.

The YSX project aims at developing a domestically manufactured aircraft along with the "YS-11" passenger plane, the first aircraft produced in Japan in post-war years. Since FY94, a market survey as well as a study of the airframe for the 100-seat class have been conducted, with Boeing as the major candidate for the partnership in the joint development.

China and the ROK are also planning to jointly develop a 100-seat class-aircraft. Both European and American aircraft manufacturers are interested in this program because of a huge market in China, and Boeing plans to join the project by consolidating the YSX project with the PRC-ROK project.

However, China and the ROK have reached a deadlock over the talks on promoting the project. It has been decided that Singapore will take part in the project. The rate for the share in the development has been set at 70 percent for China and the ROK and 10 percent for Singapore. Therefore, even if the project allows Japanese or Western companies to participate, the share will be set at merely 20 percent.

In this connection, MITI and other concerned sources have decided that "no progress can be made in the YSX project if we have to wait for the decision by China and the ROK" (as stated by a source at MITI's Machinery and Information Industries Bureau). While carrying on the feasibility study of the 100-seat project in cooperation with Boeing, MITI and MHI have already started studying developing a 75-seat-class aircraft under Japan's own leadership. It is hoped that the setup for the project will be completed this summer.

Bonbaruvia Co. is an aircraft and machinery manufacturer with 37,000 staff members, and it has affiliated companies engaged in manufacturing such small aircraft as the De Havilland. MHI has a close relationship with this company as it has been engaged in a project for jointly developing a 70-seat-class turboprop aircraft.

Japan: Spokesman on APEC, KEDO, Russia, ASEAN

OW1302020896 (Internet) Japan Ministry of Foreign Affairs WWW in English 6 Feb 96

[News conference given by Japanese Foreign Ministry spokesman Hiroshi Hashimoto with unidentified reporters on 6 February; place not given; from the "Foreign Policies, Press Conference" link]

[FBIS Transcribed Text] [Topics of Discussion] I. Economic cooperation mission to be dispatched to Bosnia-Herzegovina II. APEC participation issues III. KEDO crude oil provisions and aid for North Korea IV. Japan-Russian Federation bilateral relations V. Upcoming APEC Finance Ministers' Meeting VI. Asia-Europe (ASEM) Meeting preparations VII. Asia-Pacific regional security issues VIII. Comfort Women report to be published

I. Economic cooperation mission to be dispatched to Bosnia-Herzegovina

Foreign Ministry Spokesman Hiroshi Hashimoto: Good afternoon, ladies and gentlemen. Welcome to the regular Ministry of Foreign Affairs press conference. First of all, I would like to explain a little bit about the dispatching of an economic cooperation mission for Bosnia and Herzegovina. This mission will be headed by Deputy Director-General of the Economic Cooperation Bureau Norio Hattori. The delegation consists of representatives from various agencies. Altogether, 20 people will go to Bosnia-Herzegovina from 8-18 February. They will not only go to Bosnia-Herzegovina, but also to Brussels and Washington, D.C. to exchange views and information on the future aid to Bosnia and Herzegovina. Bosnia-Herzegovina is in arrears to Japan to the amount of 2.1 billion yen, out of which 500 million yen is related to Japan's Official Development Assistance (ODA) loans — 1.6 billion yen is related to Japan's trade insurance. If Japan is required to extend ODA loans in the future, Bosnia-Herzegovina and Japan must solve this debt issue. The mission members will talk with Bosnia-Herzegovina on this issue first. Secondly, the mission members will exchange views with the Bosnia-Herzegovina Government on possible bilateral aid in the future. They would like to specify the priority areas for future Japanese ODA. In Washington, D.C., they will meet not only the representatives of the United States Government, but also the World Bank. The World Bank now estimates that US$5.1 billion is necessary for the reconstruction of Bosnia-Herzegovina for the coming four years. On the basis of the mission's findings, the Japanese Government will study what it can do, and we intend to announce that, if possible, at the second Bosnia-Herzegovina aid conference scheduled to take place in either March or April this year. I am ready to answer any questions you may wish to ask.

II. APEC participation issues

Q: There have been some reports that some countries are applying to join the working groups of APEC. Would it be appropriate to ask Japan, which is the Chair of APEC, which countries are applying, and what working groups are they applying to?

A: First of all, the first Senior Officials Meeting (SOM) of APEC will take place in Manila between 7-9 February. They will talk on various matters, but as you rightly pointed out, the participant matter is one of the issues. As far as the new membership of the APEC itself is concerned, at this year's APEC Meeting this issue will be decided on and the senior officials are required to prepare the criteria for membership. They will just start this, so it is too premature for us to say now what criteria they will produce. Secondly, if you talk about participants of the working groups, I do not have the relevant data here, but at the last Osaka APEC meeting, they announced some kind of criteria for participation in the working groups. According to such criteria, if there is any, I think the new participants will be selected.

Q: You wouldn't have the list of who has applied so far would you?

A: We will check on this and answer you later. III. KEDO crude oil provisions and aid for North Korea

Q: Would you give us the Ministry of Foreign Affairs' understanding of what happened yesterday between Ambassador Mondale and Mr. Yamazaki?

A: First of all, we are not in a position to make a comment about the meeting between Ambassador Walter Mondale of the United States and Liberal Democratic Party Policy Affairs Research Council Chairman Taku Yamazaki. Would you tell me what particular subject you would like to know about?

Q: The morning paper said the American Government has asked the Japanese Government for US$22 million in funding for KEDO.

A: To repeat, the Japanese Government is not in a position to make a comment on the content of the talks between the two gentlemen; however, what I can tell you is that neither the KEDO, nor the United States Government, has formally asked the Japanese Government to bear the cost of the crude oil supply, citing a specific figure. So, we do not know on what basis Ambassador Mondale talked about the figure of US$12 million. The Japanese Government, the United States, and the Government of the Republic of Korea are now cooperating and exchanging views with us, trying to find out what we can do on this issue — the supply of crude oil to North Korea. We are also coordinating with KEDO, but still, we have not reached any conclusion on this.

Q: Has American-supplied crude oil already been delivered?

A: According to the agreement between the United States and North Korea, up until the construction of the light water reactor, every year, the United States is obliged to supply North Korea with 500,000 tons of crude oil. We understand that the United States is principally responsible for the delivery. However, because of budget restraints in the United States, there is the fact that the money does not exist for the delivery. Very recently the United States Congress has approved a specific amount of money for this, but it will take two more months to implement the delivery. So, Japan, the United States, and the Republic of Korea, together with KEDO are now trying to find a solution to this. However, as I told you, neither the KEDO, nor the United States Government has formally asked us to bear some cost for this.

Q: You said formally — have they informally?

A: We have been exchanging views, but in any case, through the tripartite meeting, together with KEDO, we are now in the process of finding a solution.

Q: You say there has been no formal or official request from the United States. Have there been any informal request?

A: The Japanese Government has not been asked by the United States Government to bear the cost for delivery of crude oil, citing a certain amount.

Q: The three parties have been exchanging views on the American contribution of oil. Is it your impression that the Americans need a loan in order to get their financial house in order, so they can then fulfill the agreement as signed? Or do they want a re-cast in terms of the agreement, so that the Governments of Japan and/or the Republic of Korea will also link specific contributions to funding the oil program?

A: KEDO itself is a new organization with certain financial issues arising. As I explained to you, the United States Government is expected to play a central role in the delivery of crude oil to North Korea. Once there is a shortage of finance for this, we must find the resources to fill in. Up until now, Japan, the United States, and the Republic of Korea have been trying to persuade other countries in the world to donate more. I am talking about the European Union, ASEAN, and so on. We understand that because of the budgetary procedures of the United States Congress, there will be a shortage of money for the immediate delivery of the crude oil to North Korea, so how to bridge the gap between now and the actual implementation of the responsibilities of the United States is, of course, important, but whether it will be done by borrowing money and so on, the three countries have not decided. They are exchanging views and cooperating with each other, and they have not produced any measure for this yet.

Q: I am a little unclear on this. Maybe there is a call for, simply, a loan to the Americans. Maybe there is a call for other countries to pay money that initially the Americans said they would pay.

A: I cannot tell you anything specific on this. When Japan, the United States, and the Republic of Korea tried to persuade other countries to donate to KEDO, it was principally related to the medium- and long-term perspective. As for the immediate shortage of money, the three countries, together with KEDO, have to find a formula.

Q: The European Union and ASEAN said no, right?

A: Some ASEAN countries have already decided to donate money to KEDO. The European Union still has not decided what amount of money it would donate.

Q: The Americans said over the weekend that they have sent US$2 million in what has been called peanuts for humanitarian assistance. What will Japan do in response to the various reports of famine and humanitarian distress in North Korea, and what is the status on any moves toward normalization? The coalition was sending a delegation is that going to happen?

A: As for our aid to North Korea, we have already extended rice aid. We have already extended emergency aid through the international organizations. Now, we do not intend to extend new aid to North Korea. This is one point. The other point is that the United States very recently announced its emergency aid package for North Korea. We understand that the United States announced this in close consultation with the Government of the Republic of Korea. And, the Japanese Government understands and welcomes the decisions of the Clinton Administration on this. But, as far as Japan is concerned, we do not have a plan to extend new aid to North Korea. As for normalization, the Japanese Government has already announced that it is ready to resume the talks without setting preconditions; however, there has not been a move on this. I understand that the coalition parties will send their delegation to the Republic of Korea this week, but the Government is not in a position to make a comment on that visit.

Q: When and how much aid was sent?

A: Last year, first of all, we extended 150,000 tons of rice as grant aid. In addition to this, we gave 150,000 tons of rice on a loan basis — altogether 300,000 tons. Later, we extended 200,000 tons of rice aid on a loan basis. But, as far as that one is concerned, not all the rice has been shipped to North Korea yet. Last September, in response to the United Nations Department of Human Affairs (DHA) appeal, we extended US$500,000 in emergency aid to North Korea. That is what we did last year.

Q: One of the irritants in this issue, between the North Koreans and the Republic of Korea is that the Republic of Korea extended rice aid and was not thanked for it — they felt offended, and it is a strong contributing reason for their current posture. What sort of response did the Government of Japan receive from the Government of North Korea for its previous offers or commitments of aid?

A: Very often, the North Korean side expressed some kind of assessment through their media, so it is very difficult for us to evaluate this. But, at the same time, I think we received a note of gratitude from North Korea. Once we extended the aid to North Korea, we sincerely hoped that the Government of North Korea highly appreciated it, and that the rice itself was delivered. But, it needs to be distributed, and it has been distributed to the right people. As far as the North-South dialogue is concerned, it is unfortunate that the delivery of rice from Japan and the Republic of Korea has not contributed to the continuation of dialogue. We just hope that North Korea will show a more flexible attitude on this.

Q: I am not sure I understand. Did you say you did receive a note of gratitude from North Korea?

A: I think we received a note of gratitude from North Korea. But, I do not remember its contents exactly.

Q: Are you referring to President Kim Chong-il's congratulations to former Prime Minister Murayama?

A: No. When Japanese officials contacted North Korean officials on the rice issue, we received a note or some expression from the North Korean side. At the same time, they provided us with the names of provinces where the Japanese rice was distributed.

IV. Japan-Russian Federation bilateral relations

Q: Two-and-a-half years ago President Yeltsin visited here, and with former Prime Minister Morihiro Hosokawa, reached an agreed history of the Northern Territory dispute and a framework for negotiating future progress and resolution. Since tomorrow is Northern Territories Day, I wonder if you can bring me up-to-date on what has transpired since the time of the Yeltsin-Hosokawa efforts?

A: After the visit to Japan by President Boris Yeltsin of the Russian Federation, the Japanese Government has changed. Now the Hashimoto Government has been established, so I would like to explain to you the policy of the present government toward the Russian Federation. In order to do so, I had better cite what Prime Minister Ryutaro Hashimoto actually said to President Yeltsin. On 16 January, President Yeltsin sent a congratulatory message to Prime Minister Hashimoto for his appointment to Prime Minister of Japan. On 26 January, Prime Minister Hashimoto returned a message to President Yeltsin, wherein he said the following. First of all, he stated his government will succeed the previous Murayama Government's policy toward the Russian

Federation, and that his government is determined to establish a constructive cooperative relationship with President Yeltsin, on the basis of the Tokyo Declarations. Secondly, Prime Minister Hashimoto stated that since the visit of President Yeltsin to Japan, the two governments have been endeavoring to make steady progress, especially in the practical field of the bilateral relationship. However, in order to upgrade the partnership to a truly higher level, it is extremely important to fully normalize the relationship between the two countries by signing the Peace Treaty — through solving the territorial issues. This year, we will celebrate the 40th anniversary of the establishment of diplomatic relations between the two countries. Prime Minister Hashimoto sincerely wants to make progress in the bilateral relationship with the Russian Federation. At the same time, he reiterated the fundamental positions of the Japanese Government. He said that he sincerely hoped that the Russian Federation would continuously pursue democratic reform, economic reform and a cooperative external policy on the basis of law and justice. The Japanese Government intends to support the Russian Federation, in cooperation with other countries, if the Russian Federation continues to pursue the reform policy. Lastly, Prime Minister Hashimoto stated that if the parliamentary debates or other situations allow him to do so, he would like to attend the summit on nuclear safety.

Q: Two questions: He said he succeeded the policies of the Murayama Government. Was there any change at all and did the Murayama Government embrace fully the framework set up by the Hosokawa Government? That is one question. Have there been, in the intervening two-and-a-half years, actual working meetings to produce any movement on this issue, or have there actually not been substantive negotiations?

A: There has not been any change at all about the fundamental policy of Japan toward the Russian Federation since President Yeltsin visited Japan in 1993. However, unfortunately, there has not been progress on the territorial issues. At the same time, I would like to tell you that the so-called framework talks on the fishing surrounding the Northern Territories have started since that time, and the fifth talks are going to take place soon. Today, I am not in a position to tell you when the fifth meeting will take place. Although, this is also a very difficult negotiation, the Japanese Government is determined to sincerely deal with the negotiations with the Russian Federation. Although we have not decided anything, if you talk about the ministerial meeting between the two countries, Minister for Foreign Affairs Yukihiko Ikeda will go to Moscow for the next meeting in order to proceed with the Peace Negotiations, and at the same time, to talk about the economic relationship; a format has been set up to talk about this. Because of the Diet Session and other reasons, Minister Ikeda has not decided anything about his possible visit to Moscow.

Q: Could you put your finger on the aid figure which you have given to the Russian Federation so far?

A: I do not have the data in front of me. I will ask my colleague to give you the data later.

Q: Including the aid given after the earthquake in Sakhalin.

A: Ok.

Q: Continuing on this subject, the stated policy does not change. We understand this. Prime Minister Hashimoto really has a different spirit in foreign relations, particularly where issues relate to the legacy of the war — certainly different from what former Prime Minister Tomiichi Murayama had. I think we can agree on this. Should we expect that this will have any affect on the style and manner in which Prime Minister Hashimoto will pursue this issue?

A: First of all, on the perceptions of the past war, Minister Ikeda clearly stated to his counterparts in Phuket several days ago, that the present Hashimoto Government has succeeded the position of the Murayama Government on the history. In addition to this, it seems that the Russian Federation has certain expectations for the present government. For example, as I told you, President Yeltsin sent a congratulatory message to Prime Minister Hashimoto on 16 January, and the content of the message was unprecedentedly warm. We do not know what President Yeltsin is up to now. In any case, Prime Minister Hashimoto has reiterated the fundamental positions of the Japanese Government. So, eventually — I do not know if it will be in Moscow or not — sometime, both leaders will have a chance to meet. Although, President Yeltsin has a lot of tasks to solve domestically, the Japanese side sincerely hopes President Yeltsin will show once again the same eagerness as when he visited Japan in 1993 for the full normalization of the bilateral relationship between the two countries. But, as I told you, so far, there has not been progress on the peace negotiations and so on.

Q: Do you think we will see a different style from Prime Minister Hashimoto and Minister Ikeda in pushing this issue? I think there can be no argument that it achieved some prominence at the time of the Hosokawa-Yeltsin meetings, and really, pretty much disappeared with the Hosokawa Government. It has been a very low-profile issue for the last two years.

A: As far has the Russian Federation is concerned, now they have a new Minister of Foreign Affairs.

In order to solve such issues like the territorial ones, it is very important, first of all, for the leaders and the present ministers to meet each other and talk. In this sense, I cannot tell you when Minister Ikeda and Minister of Foreign Affairs E.M. Primakov of the Russian Federation can meet. I do not know when President Yeltsin and Prime Minister Hashimoto can meet. But, up until that time, I cannot tell you anything specifically related to your question.

Q: In the past it has been the Russian Federation's concern that the idea of giving the islands back to Japan would limit their access to blue waters for their navy. Are you taking the initiative to sponsor this, or promoting the northeast Asia security dialogue to address these concerns?

A: If you talk about security relationships in northeast Asia, basically they exchanged information about the mutual defense policy, and so on. That forum is not directly linked to the northern territorial issues. As far as the northern territorial issues are concerned, Japan and the Russian Federation have to solve this bilaterally.

Q: The Director-General of the Defense Agency was expected to go to Moscow. Has anything been decided on this?

A: I do not have that information here. In any case, we would like to strengthen dialogue with the Russian Federation in many fields. As for the visit by Director-General of the Defense Agency to Moscow is concerned, I have not obtained any information.

Q: There have also been reports from Moscow by Japanese agencies in the past that the Americans might condition the resolution of this issue — or link this with the support for the United Nations Security Council application for permanent membership. Would you say that your policy of so-called expanded equilibrium is linked to the same question?

A: We are determined to expand our relationship with the Russian Federation. Through these efforts, we would like to solve the territory issues, too.

V. Upcoming APEC Finance Ministers' Meeting

Q: About the stated preparation for the APEC Ministerial Meeting — is there any concrete progress on the issues — anything on capital flows?

A: Last week, your Indonesian colleague asked this question, and I could not answer well at that time. My colleague has distributed a copy of the 1995 APEC Finance Ministers' Meeting Report today. What I understand is that the next Kyoto meeting, which will take place on 16-17 March, will be basically a continuation of the 1995 Finance Ministers' Meeting. They will talk and review, first of all, the macroeconomic development and the market situation in the region. In comparison to last year, this year many participants in the region are still enjoying very rapid economic growth. However, some members have already started to take some restrictive measures to prevent the inflation rate from going higher. This year, they will also talk about capital flows. There is not a specific problem about capital flows this year. It is wisely said that the General Agreement to Borrow (GAB), which supplements the IMF facilities, will be discussed by some members; especially the East Asian members may be interested in the GAB facilities. Under the agenda, and the Capital Flows, they will continue to talk on the voluntary and timely public disclosures on the regular basis of economic and financial information of interest to financial markets. The IMF is now preparing the criteria on this issue — how and to what extent the members of APEC should disclose the economic information. Under the agenda, they will talk about the Exchange Rate Movements — that exchange rate policies must form an integral part of an overall macroeconomic policy framework for each of the member economies. I remember very well that at the last APEC informal leadership meeting, some members stated the need to talk and exchange views on this subject. I am sure that at the Kyoto Meeting, they will continue to talk on this subject, but we do not know whether they will produce something tangible or not. The most important thing is that in order to promote trade and investment in the APEC region, it is very important to keep the exchange rate movements stable. In this sense, it is more and more important for the participants of APEC to talk about this issue. As for the agenda and Funding for Infrastructure Development, mobilization of capital flows for infrastructural development continues to be very important in the region. Last January, the Ministry of Foreign Affairs published its idea for a new aid scheme to promote private financing for infrastructure development. The Japanese Government is going to take concrete measures to assist the efforts of the private sector to finance infrastructure development. You may remember that very recently, one of the councils of the Ministry of International Trade and Industry also announced measures in line with this. This is what I can tell you.

Q: Are there any new issues or suggestions from the Japanese side for this meeting?

A: Japan is going to chair the Meeting, and it is probably too premature to tell you anything more than what I already told you; the continuation of the 1995 APEC Finance Ministers' Meeting. Basically, they will talk about the issues I have explained to you. I do not know whether there will be anything new to this.

VI. Asia-Europe (ASEM) Meeting preparations

Q: Can you tell us what came out of the Foreign Ministers' Meeting in Phuket last week, and will you be sending any high officials to the meeting in Bangkok this month?

A: As far as the Asia-Europe Meeting (ASEM) is concerned, now the Ministers' Meeting on the Asian side is over, and this week the Minister of Foreign Affairs of the Kingdom of Thailand is going to meet his European counterpart, and they will presumably finalize the so-called ASEM agenda in April. I understand they basically do not want to specifically set up an agenda, but under a broad range of topics, allow all the summit members to freely exchange views. The key to ASEM will be to create a new comprehensive Asia-Europe partnership for greater growth, which aims at strengthening links between Asia and Europe. But, at the same time, the Meeting is to underscore the importance of Asia and Europe, maintaining dialogue with other regions. The ASEM is to strengthen political dialogue, and they will talk about the existing dialogue fora, such as the ASEAN Regional Forum (ARF), Post-Ministerial Conference (PMC), and how to strengthen political dialogue. They will talk about the importance of United Nations reform and the Comprehensive Test Ban Treaty (CTBT). Also, the ASEM is to reinforce economic cooperation, and they will stress the importance of generating greater two-way trade and investment flows. Presumably, they will commit themselves to market economy principles, an open multilateral trading system, non-discriminatory liberalization, and open regionalism. And, they will talk about the need for WTO consistency. They will talk about APEC, the WTO and so on. Also, they aim to encourage the business and private sectors, and it is expected that the Meeting will establish, in due course, an Asia-Europe Business Forum. The Meeting is expected to promote cooperation in other areas through talk about cross-flows between Asia and Europe, such as agriculture, science and technology, information and communication technology, energy and transport, human resources development, environment, and so on. At the same time, the Meeting is expected to emphasize that the new links between Asia and Europe should help overcome misperceptions that exist between the two regions. That is what I can tell you.

Q: Is there anyone who will attend from the Ministry of International Trade and Industry?

A: From the Japanese side, we have not decided who will go, apart from the Prime Minister.

VII. Asia-Pacific regional security issues

Q: It has been reported that the People's Republic of China is going to put on extra war games close to that time. What is the Japanese Government's position on this? If the People's Republic of China is going to attack Taiwan for some reason, what is the Japanese position on this?

A: First of all, the situation over there is closely related to the peace and stability of Japan and the peace and stability in the Asia-Pacific region. So, we are closely monitoring the situation over the straits. This is one point. Secondly, whatever problem both the People's Republic of China and Taiwan might have, we sincerely hope that those problems are solved through talks, not through military means. This is the most important point. We do not want to see a military conflict occur in the region.

VIII. Comfort Women report to be published

Q: Apparently, the United Nations commission that looked into the comfort women issue is about to issue a report. Do you have any more specific information about when this report is going to be issued and where it is going to be issued?

A: I think some time very soon, the report prepared by Ms. Radhika Coomaraswamy will be announced. Already, some Japanese newspaper carried an article on this. What I can tell you is the report itself has been prepared by Ms. Coomaraswamy herself. We do not know how the Human Rights Committee will deal with the report itself. There has been some misunderstanding on her report. We know that Ms. Coomaraswamy said that on the establishment of the Asia Peace Foundation for the women — the special foundation set-up by the Japanese Government — that she welcomed this, and that the Japanese Government continuously does its best to accomplish the objectives of he foundation. But, at the same time, Ms. Coomaraswamy talked about the responsibilities of the Japanese Government to take concrete measures on the reparation and claims. The Japanese Government cannot accept her position. First of all, we have to await the formal announcement, and we will study the report fully. We will discuss this matter at the forthcoming United Nations Human Rights Committee. Thank you very much.

Japan: Hashimoto Admits Difficulty in Handling Takeshima Issue

OW1302011996 Tokyo MAINICHI SHIMBUN in Japanese 12 Feb 96 Morning Edition p 2

[FBIS Translated Text] Following the ratification of the UN Law of the Sea at the ongoing Diet session, an exclusive economic zone will be set up. Consequently, the dispute between Japan and the ROK over the territorial sovereignty of Takeshima Island has once again surfaced. Commenting on this issue on 11 February, Prime Minister Ryutaro Hashimoto stated: "I think we are in an awkward situation now. I wish that the issue on the ratification of the UN Law of the Sea could be separated from the territorial issue. Anyway, we are in trouble." In this way, Hashimoto acknowledged that the government is having difficulty in deciding on what measures to take in handling the issue. Hashimoto made these remarks in his reply to a reporter's question at the Prime Minister's Official Residence.

Japan: Ikeda Stresses 'Calm Dialogue' With Seoul Over Takeshima

OW1302042896 Tokyo KYODO in English
0412 GMT 13 Feb 96

[FBIS Transcribed Text] Tokyo, Feb. 13 KYODO — Foreign minister Yukihiko Ikeda said Tuesday [12 February] it is important for Japan and South Korea to have a calm dialogue to settle the dispute over a group of islets claimed by both countries.

"It's important to continue talks calmly to prevent each country's different position from undermining friendly relations," Ikeda told an informal meeting of cabinet members.

Ikeda said at the meeting that there has been no change in Tokyo's view that the Sea of Japan islands, known as Takeshima in Japan and Tokto in South Korea, are integral part of Japan.

The dispute over the islands comes as Tokyo prepares to apply a 200-nautical mile exclusive economic zone as stipulated in the UN Law of the Sea Treaty while demanding that South Korea stops building a breakwater around one of the islands.

Seoul has rejected the Japanese demand, saying that Tokyo has no right to intervene.

Speaking at a press conference after the cabinet meeting, Ikeda said he is aware of reports that South Korea is planning a military drill near the islets but noted that he has yet to confirm the reports.

Ikeda said he was told that military drills usually take place every year around this time.

Turning to relations with China, Ikeda said he confirmed that a Chinese vessel conducted exploratory drilling operations for oil near the disputed Senkaku Islands in the East China Sea earlier this month.

Ikeda said that there are different views between the two countries over the islands and noted that he was told by China through diplomatic channels that the Chinese vessel will soon leave the area.

The uninhabited islands, called Diaoyutai Islands in China, are located some 150 kilometers northeast of Taiwan. The islands are claimed by Japan, China and Taiwan.

Japan: LDP Members Criticize Territorial Dispute With ROK

OW1302074196 Tokyo KYODO in English
0725 GMT 13 Feb 96

[FBIS Transcribed Text] Tokyo, Feb. 13 KYODO — Members of the governing Liberal Democratic Party's decision-making Executive Council on Tuesday [13 February] criticized governments of both South Korea and Japan for their handling of a territorial dispute over small islands in the Sea of Japan, party officials said.

One council member told the meeting that Japan registered the Takeshima Islands, known as Tokto in South Korea, as its territory in 1905 under the jurisdiction of Shimane Prefecture.

Another Executive Council member denounced the Japanese Government for doing nothing to halt South Korea's moves to build a breakwater off the small, uninhabited islands while asserting its sovereignty over the islands. Prime minister Ryutaro Hashimoto is the LDP president.

A third council member called for quickly establishing a 200-nautical mile exclusive economic zone, referring to Japan's upcoming ratification of the UN Convention on the Law of the Sea, which allows member states to do so. The 1982 UN treaty went into force last November.

Council member Shinji Sato questioned a plan by the ruling coalition to send a mission to Seoul at a time when South Korea is preparing for general elections.

On Saturday, the Japanese ruling coalition mission to South Korea postponed its departure, scheduled for Sunday, after South Korean President Kim Yong-sam canceled a planned meeting with it, expressing displeasure over Japan's claim to the disputed islets.

The Japanese team, led by Taku Yamasaki, chairman of the LDP Policy Affairs Research Council, was scheduled to meet with Kim on Monday over Japan's plans to resume normalization talks with North Korea.

The disputed islands, which have a combined area of 200,000 square meters, lie about 700 kilometers northwest of Tokyo and about 450 km east of Seoul in the Sea of Japan.

They are surrounded by rich fishing grounds and the seabed is believed to contain extensive mineral deposits.

Meanwhile, Koken Nosaka, deputy chief of the Social Democratic Party, the LDP's coalition partner, said at a news conference in Tottori Prefecture that the Japanese Government should get tough on South Korea in the islands dispute.

Japan: Territorial Dispute With Seoul Viewed

OW1302143196 Tokyo ASAHI SHIMBUN in Japanese 11 Feb 96 Morning Edition p 2

[FBIS Translated Text] It seems that relations between Japan and the ROK will become tense in the wake of a decision to call off the ruling coalition delegation's planned visit to the ROK. The ruling parties are looking for the right time to visit the ROK, but there is no prospect in sight. It appears that the issue of resuming negotiations with the DPRK (North Korea) on normalizing diplomatic ties, which Japan was trying to realize with help from the ROK, will also become stagnant. Meanwhile, a Japan-ROK fishery issue, which the Japanese Government was hoping to settle amicably, may develop into a "territorial issue" over Takeshima Island. How will the Japanese Government calm down the situation when there is growing nationalism in the ROK? The government is racking its brains to restore Japan-ROK relations because it just cannot make a concession on the territorial issue.

Ruling Parties

At a news conference held after a meeting on the night of 10 February, Taku Yamasaki, chairman of the Liberal Democratic Party Policy Research Council, commented on timing for the ROK visit, saying: "It's better we visit the ROK at an early stage." At the same time, he also said: "We are not sure when we will be able to go there." Asked if the ROK had told the delegation to call off the planned visit, Yamasaki said: "That is right."

On resuming negotiations to normalize diplomatic ties with the DPRK, one objective of the trip, Yamasaki explained: "We wanted to gain understanding from the ROK. We confirmed once again that the three ruling parties support the government's policy for resolving the abnormal situation between Japan and the DPRK."

The delegation is composed of Yamasaki, the leader; Shigemasa Ito, chairman of the Social Democratic Party's Policy Council; and Kisaburo Tokai, chairman of the New Party Sakigake [Harbinger] Policy Research Council. When the meeting with President Kim Yong-sam was canceled, the delegates expressed their intention to visit the ROK as scheduled.

However, the Japanese Ministry of Foreign Affairs explained its views that 1) it would be difficult to make progress on Japan-DPRK issues even if the delegation did visit the ROK, while the Takeshima issue is complicating matters; and 2) such a visit would instead reveal the confrontation between the two countries over Takeshima and fuel nationalism in both countries.

We cannot rule out the possibility that with the April general election just ahead, the South Korean Government and the ruling party enflamed the South Korean people's feelings against Japan. However, the Japanese Government has made no progress in coordinating opinions over the issue of applying an economic zone. Some lawmakers of the ruling parties, who are concerned with the fishing issue, are calling for "making the sea area around Takeshima off limits to South Korean and Chinese fishing boats." Therefore, we cannot deny that the delegation planned a trip to the ROK without reaching an agreement on policy matters.

On resumption of negotiations to normalize diplomatic ties between Japan and the DPRK, there is a movement among the ruling parties to sound out the possibility of dispatching a delegation to North Korea. The ROK is nervous about the possibility that Japan and the DPRK may improve ties in the near future because it will have an impact on "cooperation between Japan, the Untied States, and the ROK," ROK-DPRK ties, and other matters. The scheduled visit was supposed to pave the way for easing the ROK's apprehensions. The delegation was planning to explain its stand that Japan "will deal with the issue while closely cooperating with the ROK." However, it appears likely that the issue of resuming negotiations, which may stir up the feelings of South Korean people against Japan, may fall into further stagnation.

Government

The Japanese Government — envisaging an amicable settlement by promoting separate fishery negotiations with the ROK after fully enforcing a 200-nautical-mile "exclusive economic zone" for ratification of the UN Law of the Sea — is bewildered by worsening Japan-ROK relations.

The Law of the Sea approves enforcing an "exclusive economic zone" where a government can control fishery resources. The Japanese Government plans to fully enforce the zone during the current Diet session, saying, "We will promote formation of a new fishing order" (according to Foreign Minister Yukihiko Ikeda). The government is receiving strong support from lawmakers concerned with fishing issues and from people in the fishing industry, who claim that "negative impacts of overfishing by South Korean and Chinese boats are being noted."

The Japanese Government has been paying attention to Takeshima, over which both countries claim territorial sovereignty, to prevent the issue from reigniting. After making a deal with South Korea to overlap the two countries' 200-nautical-mile territorial sovereignty over the islands, the Japanese Government planned to introduce new rules incorporating regulations on fishing quotas and other matters.

Meanwhile, the ROK plans to construct a harbor facility on Takeshima, as if to counteract Japan's move to enforce the economic zone. On 9 January, Ryozo Kato, director of the Foreign Ministry's Asia Bureau, lodged a protest with South Korean Ambassador to Japan Kim Tae-chi. However, Ambassador Kim made a counterargument, saying, "Japan's protest is an interference in ROK domestic affairs."

Efforts have been made to mend Japan-ROK relations, which had worsened in the wake of a Japanese minister's remarks made last fall over Japan's colonial rule of South Korea. However, the South Korean Government made an unprecedented announcement, tying the Takeshima issue to colonial policies of the past.

On 10 February, Prime Minister Ryutaro Hashimoto commented on the Takeshima issue, saying, "I will refrain from making a comment because I do not want to escalate the confrontation." The Ministry of Foreign Affairs [MOFA] also wants to wait until the situation calms down. Unlike the differences in understanding history, however, "Japan cannot give up its claim when it comes to territorial issues" (according to a senior MOFA official). The issue is a headache to MOFA.

Tokyo 'Puzzled' by PRC Refusal of Quake Rescue Mission

*OW1302075796 Tokyo KYODO in English
0641 GMT 13 Feb 96*

[FBIS Transcribed Text] Tokyo, Feb. 13 KYODO — Japan is puzzled by China's refusal to permit a Japanese rescue and relief mission to be sent to Yunnan Province, ravaged by an earthquake 10 days ago, Foreign Ministry sources said Tuesday [13 February].

However, the sources said the ministry is considering other ways to send assistance to the remote, mountainous province in southwestern China that was shaken by a magnitude 7 temblor Feb. 3, killing about 250 people and injuring 140,000 others.

Last week, the Japanese Government pledged some 35 million yen worth of aid supplies to China, and offered $300,000 in emergency funds to help Beijing restore the stricken areas.

China has reportedly told the Japanese Government, however, that the "cooperation of personnel and dogs from foreign countries is not necessary."

Japan had planned to send about 20 doctors, 15 police officers and 15 firefighters to Yunnan Province. They are from among the 3,500 personnel registered with an emergency relief corps.

The dispatch of a similar Japanese relief team was rejected by Russia last May, after a massive quake had flattened a town on the far east island of Sakhalin.

After the two rejections, some Foreign Ministry officials have questioned the rationale of maintaining a register of emergency relief personnel.

Meanwhile, the private volunteer Association of Medical Doctors of Asia (amda) sent eight volunteers, including doctors, to Yunnan Province almost immediately after the earthquake occurred, but the Chinese Government has since attempted to limit the number of foreigners traveling to the region.

China has said it does not want people who cannot speak Chinese traveling to the area and causing further confusion in the aftermath of the earthquake.

A senior ministry official said, "If the mission has a chance to go, it will not be a bother, but will certainly help out. Even before the two governments sit down to discuss the issue, wouldn't it be better to at least be positive about dispatching (the relief team)?"

Japan: MITI Energy Affiliate Opens Office in Beijing

*OW1302115396 Tokyo KYODO in English
0721 GMT 13 Feb 96*

[FBIS Transcribed Text] Tokyo, Feb. 13 KYODO — An energy research institute affiliated with the Ministry of International Trade and Industry (MITI) opened a representative office in Beijing on Tuesday [13 February] to pursue energy and environmental projects in China more efficiently, officials said.

The new Energy and Industrial Technology Development Organization has done environmental projects in China since fiscal 1993 as part of MITI's Green Aid Plan, which is designed to help states manage energy and environmental problems on their own.

The organization's model projects in China include developing technology for energy savings and the cleaner burning of coal.

The energy organization expects the new office to facilitate smoother execution of these projects. It will exchange views with China's State Planning Commission on the projects and on energy and environmental issues, the officials said.

Meanwhile, the MITI affiliate signed a basic agreement with the Chinese planning panel in Beijing the same day to experiment and promote coal-based boiler technology for eliminating sulfur oxide and dioxide at reduced costs without using equipment for desulfurization, they said.

Under the accord, the MITI research affiliate will test a facility which burns coal-water slurry mixed with a desulfurizing agent to cut down on sulfur oxide and dioxide emissions.

China, the world's largest consumer of coal, used more than 1.2 billion tons of coal in 1994, which is 10 times more than the amount consumed by Japan.

Heavy coal consumption has caused severe air pollution and acid rain in the country, the officials noted.

Japan: Hashimoto Considers 'Proportional' Jusen Debt Disposal

OW1302062196 Tokyo KYODO in English
0600 GMT 13 Feb 96

[FBIS Transcribed Text] Tokyo, Feb. 13 KYODO — Prime Minister Ryutaro Hashimoto told the Diet on Tuesday [13 February] he is interested in a proportional debt disposal formula for the liquidation of seven bankrupt housing loan companies, known as "jusen."

Under the plan, the banks that founded the seven housing loan firms would shoulder the burden of debt liquidation in proportion to the volume of loans they introduced to the mortgage lenders.

"It is interesting," Hashimoto commented in a session of the House of Representatives Budget Committee in response to a question by Shozo Kusakawa, a member of the main opposition Shinshinto (New Frontier Party).

Kusakawa proposed the formula to clarify the responsibility of the founder banks for the bankruptcies of the housing loan companies.

Discussions at the committee session were focused on a government decision to use 685 billion yen in taxpayer money to help liquidate the seven home mortgage firms.

Japan: Coalition, Opposition Fail To Agree on 'Jusen' Testimony

OW1302084196 Tokyo KYODO in English
0825 GMT 13 Feb 96

[FBIS Transcribed Text] Tokyo, Feb. 13 KYODO — The ruling coalition and main opposition party Shinshinto (New Frontier Party) on Tuesday [13 February] failed to agree on who should be summoned to the House of Representatives Budget Committee for a hearing on the "jusen" housing loan scandal.

The coalition of the Liberal Democratic Party (LDP), the Social Democratic Party (SDP) and New Party Sakigake [Harbinger] refused Shinshinto's demand that former Prime Minister Tomiichi Murayama and LDP Secretary General Koichi Kato appear before the committee to speak on the government's plan to shell out 685 billion yen for liquidating the seven moribund housing loan firms.

The committee plans to hear from about four key figures on the issue on Friday.

The ruling and opposition camps agreed to put on the list of witnesses former finance minister and Sakigake Chief Masayoshi Takemura.

Former Prime Minister Toshiki Kaifu of Shinshinto is also said to be willing to appear before the committee.

Shinshinto argues that besides Murayama and Takemura, who were responsible for the government plan, Kato should also come to the committee because he was deeply involved in the decision-making as a leading LDP member.

The LDP remains opposed to hearing from either Murayama or Kato at the committee, threatening to request testimony by Shinshinto head Ichiro Ozawa if the opposition party insists on its demand.

Japan: Authorities Begin Probing Leading 'Jusen' Borrowers

OW1302055096 Tokyo KYODO in English
0441 GMT 13 Feb 96

[FBIS Transcribed Text] Tokyo, Feb. 13 KYODO — Taxation authorities in Tokyo and Osaka launched a lightning probe Tuesday [13 February] into the financial affairs of five major borrowers from seven failed mortgage loan firms.

It is the first time since the fiasco concerning the mortgage companies surfaced that anybody with investigative powers over the activities of the borrowers from the seven housing loan lenders, known as "jusen," has embarked on a probe into their affairs.

The tax officials will also look into assets held by the borrowers' presidents, sources close to the investigations said.

The latest probe could effectively widen the scope of the scandal, since any irregularities it uncovers could become a catalyst for subsequent investigations by police or prosecutors.

The sources said the tax authorities are also checking into the affairs of companies affiliated with the five major borrowers.

They said the borrowers are Sueno Kosan, an Osaka-based realtor, Azabu Tatemono, a Tokyo-based realtor, The Collins, also a Tokyo-based real estate concern, Osaka-based realtor Fuji Juken and Tokyo-based realtor Fuji Building.

The probe will focus on whether there were outflows of money from the companies under the guise of expenses, and will examine whether executives of the companies used money privately, whether prime real estate was transferred to dummy companies in an attempt to conceal assets, and whether any of the money eventually flowed back to jusen companies, the sources said.

The sources also said that the probe is not mandatory and that it covers the period between 1991, a year not covered by the statute of limitation under tax laws, and 1995.

The government's jusen liquidation scheme has been under fire because it calls for using at least 685 billion yen in taxpayers' money to help mop up expected losses.

According to Finance Ministry data, Fuji Juken as of June last year was the largest borrower among the seven loan firms' debtors, with the debts amounting to 298.8 billion yen.

Sueno Kosan was the second largest borrower, with the debts amounting to 236.7 billion yen, while Collins was the third largest with 120.1 billion yen, Azabu Tatemono was fifth with 111.3 billion yen, and Fuji Building was the eighth largest borrower with 65.4 billion yen.

In 1990, The Collins founder was arrested and sentenced to two years in prison for tax evasion.

The sources said the probe is focusing on the five companies because the tax authorities consider their tax returns contain a large number of questionable points.

Many of the five invested heavily in real estate, but were unable to repay the debts at the end of the so-called "bubble economy" period, while their chiefs lived in luxurious houses and topped the list of the nation's biggest taxpayers.

Prime Minister Ryutaro Hashimoto, in a comment to the House of Representatives budget committee, said any taxpayer is naturally subject to investigation if a problem occurs, and "the action (to investigate jusen borrowers) is being taken from that standpoint."

Finance Minister Wataru Kubo told a press conference that he expects the tax authorities to deal with the matter "impartially."

Responding to reporters' questions about the alleged involvement of the banking sector in the fiasco, Kubo said, "it's important that the banks should in all humility listen, and put right what has to be put right."

A Fuji Juken spokesman said his company's president would testify at the Diet if summoned, but that so far a formal summons had not been served.

A spokesman for Sueno Kosan said the company's vice president, who is responsible for its accounts, was unable to comment.

Spokesmen at Azabu Tatemono, Collins and Fuji Building also declined comment on the tax authorities' investigations.

A spokesman for one of the failed lenders, Nippon Housing Loan Co., said the company is "carefully monitoring the extent of the impact of the loans."

A spokesman for another lender, Jyuso Inc., declined to comment, saying his company was not involved in the probe because it was a matter solely between the tax authorities and the borrowers. A spokesman for Japan Housing Loan Inc. also refused to comment.

The seven housing loan companies' initial losses will reach 6.41 trillion yen at the time of liquidation. The Hashimoto cabinet has endorsed a final plan to use taxpayers' money to cover half of any future losses resulting from disposing of the mortgage firms' bad loans. Such additional losses are expected to reach 1.2 trillion yen.

Japan: Authorities Plan Probes Into 'Jusen' Lenders

OW1302114496 Tokyo KYODO in English 1116 GMT 13 Feb 96

[FBIS Transcribed Text] Tokyo, Feb. 13 KYODO — Taxation authorities will start probes into three of the seven failed housing loan companies on Wednesday [13 February] to examine their shady lending operations and possible criminal wrongdoings, taxation sources said Tuesday.

Nippon Housing Loan Co., Jyuso Inc. and Japan Housing Loan Co. are to be subjected to taxation scrutiny over their apparently lax loans to their major borrowers, which led to a fatal amount of bad loans.

The probes will focus on the process of loan decisions, the lending contracts and the conditions under which the loans were deemed uncollectable as well as any rebates that may have been given from the borrowers to the lenders, the sources said.

The three were selected because of their particularly large amounts of outstanding loans, especially to the five company groups already subjected to probes by the taxation investigators.

Nippon Housing topped the list with 2.26 trillion yen of outstanding loans as of June 1995, followed by Japan Housing with 1.93 trillion yen and Jyuso with 1.61 trillion yen, according to data recently published by the Finance Ministry.

The taxation authorities in Tokyo and Osaka on Tuesday launched a probe into five major borrowers from the seven failed mortgage loan firms.

It is the first time since the jusen housing loan debacle surfaced that any body with investigative powers over the activities of the borrowers has embarked on a probe into their affairs.

The tax officials will also look into assets held by the borrowers' presidents, the sources said.

The latest probes could effectively widen the scope of the scandal, since any irregularities they uncover could become a catalyst for subsequent investigations by police or prosecutors.

The sources said the tax authorities are also checking into the affairs of companies affiliated with the five major borrowers.

The borrowers in question are Sueno Kosan, an Osaka-based realtor, Azabu Tatemono, a Tokyo-based realtor, the Collins, also a Tokyo-based real estate concern, Osaka-based realtor Puji Juken and Tokyo-based realtor Puji Building, they said.

The probe will focus on whether there were outflows of money from the companies under the guise of expenses, and will examine whether executives of the companies used money privately, whether prime real estate was transferred to dummy companies in an attempt to conceal assets, and whether any of the money eventually flowed back to jusen companies, the sources said.

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The government's jusen liquidation scheme has been under fire because it calls for using at least 685 billion yen in taxpayers' money to help mop up expected losses.

According to Finance Ministry data, Puji Juken as of June last year was the largest borrower among the seven loan firms' debtors, with the debts amounting to 298.8 billion yen.

Sueno Kosan was the second largest borrower, with debts amounting to 236.7 billion yen, while Collins was the third largest with 120.1 billion yen, Azabu Tatemono was fifth with 111.3 billion yen, and Puji Building was the eighth largest borrower with 65.4 billion yen.

In 1990, the Collins founder was arrested and sentenced to two years in prison for tax evasion.

The sources said the probe is focusing on the five companies because the tax authorities consider their tax returns contain a large number of questionable points.

Many of the five invested heavily in real estate, but were unable to repay the debts at the end of the asset-inflated economy in the late 1980s, while their chiefs lived in luxurious houses and topped the list of the nation's biggest taxpayers.

Japan: LDP's Kato on 'Jusen,' MOF Reform, Policies

OW1302043796 Tokyo NIHON KEIZAI SHIMBUN in Japanese 11 Feb 96 Morning Edition p 2

[Interview with Koichi Kato, secretary general of the Liberal Democratic Party, by Keiichiro Kuboniwa, NIHON KEIZAI SHIMBUN political editor; date and place not given]

[FBIS Translated Text] [Kuboniwa] Do you intend to pass the FY96 budget — which incorporates public money [to be used for liquidating failed housing loan companies (jusen)] — through the House of Representatives without revision or condition? Do you think the government has obtained public understanding of its scheme for liquidating jusen?

[Kato] I do not think the people fully understand it. However, the liquidation scheme is mainly designed to protect depositors, especially those who have savings at financial institutions affiliated with agricultural cooperatives. If discussions with banks that founded jusen continue for a long time without dealing with the issue, it is very possible that people will rush to agricultural cooperatives to withdraw their deposits, which will affect other financial institutions. As there are still two weeks before voting on the budget, we intend to do our best to explain the jusen liquidation plan.

[Kuboniwa] Do you think the three ruling parties will act in concert on that point?

[Kato] There is no upset in the Social Democratic Party. The three parties are perfectly united in trying to persuade (the people). If we feel remorse now, we should have felt remorse before deciding (on the jusen liquidation scheme).

No Need To Speed Up Reform of the Ministry of Finance

[Kuboniwa] Will the ruling parties tackle the restructuring of the Ministry of Finance [MOF] together with having House of Representatives pass the budget?

[Kato] I do not think we will come to a conclusion before the budget's passage in the House of Representatives. The matter should not be proceeded with in a rough-and-ready way. The three parties do not think they can so easily reform the MOF, which is the most important of the Japanese power organizations and has not changed for as many as 50 years.

[Kuboniwa] Do you intend to issue a statement following the budget's passage in the House of Representatives?

[Kato] I do not know...it depends on developments in future Diet deliberations or consultations among the ruling parties.

[Kuboniwa] How does the Liberal Democratic Party [LDP] plan to promote MOF restructuring?

[Kato] The three ruling parties' secretaries general, deputy secretaries general, and members in charge of policies will hold meetings to discuss the agenda or a basic stance. Similar comments have been made regarding what the MOF ought to be like. I have an impression that the people's dissatisfaction over the last several years has come to the fore in one breath.

[Kuboniwa] Can you describe your idea of setting up a finance agency in concrete terms?

[Kuboniwa] In consideration of decentralization [of government functions], there is no choice but to separate economic functions from the capital. I think Osaka should become a city of the economy and Tokyo a city of politics, like Washington. I suggest that the (MOF's) three bureaus — Banking, Securities, and International Finance — be transferred to Osaka as the Finance Agency. Deregulation should be promoted so that the [financial system] will be entirely entrusted to the market mechanism. How about transferring the Bank of Japan to Osaka as well?

[Kuboniwa] Is not your idea directly connected with growing calls for reforming the bureaucrat-led Japanese economy, which is being criticized now?

[Kato] What I am talking about is a different concept from that. However, the idea is the same in the sense that the financial system should be entrusted to the market as much as possible.

[Kuboniwa] At this juncture, do you not need to come up with basic policies, such as how to deal with power relations between the government and private sectors?

[Kato] For the past 40 years, politicians, especially those from the LDP, have placed limitless confidence in bureaucrats while criticizing them. However, politicians have now noticed that those they have trusted are not managing things well, and they are in a state of growing fret. There is a growing atmosphere for discussing what (the MOF) ought to be like. Conversely speaking, I believe that if the MOF gives enough explanation of the developments in the jusen issue to satisfy the general public, voices for the MOF's dissolution will diminish to some extent.

[Kuboniwa] The MOF has failed to give fully persuasive explanation about the jusen issue to the people. On the other hand, the time for voting on the budget bill is drawing near.

[Kato] I think (the atmosphere of the people concerning) the jusen issue will change daily. We cannot tell how the atmosphere will change in the next two weeks. It is possible that the people (will quickly come to understand) the government's policy.

It Still Takes Time To Display Hashimoto's Colors

[Kuboniwa] The government and ruling parties have so far maintained that the current economic situation does not allow them to seek public confidence in their policies. However, I think they will have no reason to delay the general election after the budget and budget-related bills pass the House of Representatives and the economy recovers.

[Kato] To seek the public's verdict, we will prepare to explain how Prime Minister Hashimoto's policies will be implemented under such and such visions. I think it will take half a year or a year to display the Hashimoto colors in his policies. Elections should not be held only because the political world's future is unclear.

[Kuboniwa] What kinds of visions do you intend to prepare for the general election?

[Kato] We are thinking of how to vitalize Japan under Prime Minister Hashimoto's leadership. For its part, the party has dealt with the budget over the last one and a half years, putting the priority on promotion of science and technology. I think it will be time to hold the general election when we can give comprehensible explanations of what the current age is like, and those explanations filled with dreams are spread among the people as the Hashimoto concept.

Japan: Article Views Jusen Issue, MOF Reorganization

OW1302010796 Tokyo YOMIURI SHIMBUN in Japanese 11 Feb 96 Morning Edition p 13

[Interview with Keimei Kaizuka, professor of Chuo University, by unidentified YOMIURI SHIMBUN reporter]

[FBIS Translated Text] [YOMIURI SHIMBUN] The public is strongly opposed to the plan for disposing bad loans of the jusen [housing loan companies]. What is inappropriate in the plan worked out by the Ministry of Finance [MOF]?

[Kaizuka] Basically, it comes down to the fact that timing for taking drastic measures has been put off, and as a result, the amount of public funds needed for disposing the bad loans has increased. If the decision on disposal was made two or three years ago, it might have been unnecessary to use public funds. Another question lies in the fact that as a result of delays in making jusen-connected information public, the public did not have important information on management until recently.

[YOMIURI SHIMBUN] What should be done to settle the jusen issue smoothly?

[Kaizuka] The use of public funds is indispensable, and it will be necessary to settle the issue quickly. If the plan is not carried out, economic recovery will lag behind. However, since it making the jusen-connected information public is necessary as a matter of course, the MOF should spare no time in providing an explanation.

[YOMIURI SHIMBUN] What do you think of financial administration based on the long-held "convoy system" [Japan's long-held policy on the banking industry, a system allowing large financial institutions to go to great lengths to protect associated institutions which are losing money from going under]?

[Kaizuka] When a decision was made on financial liberalization, it became apparent that it would be inefficient to put off the timing [of bad loan disposal] in consideration for the bank that has fallen farthest behind in order to prevent any banks from going bankrupt. Both the MOF, from its standpoint as the protector, and the banking industry, in its position as those being protected, could not bring themselves to break away from the system. For the banking industry, the MOF's administrative guidance is something like a certified permit for a cartel. Therefore, the close relationship has remained unchanged to the end.

[YOMIURI SHIMBUN] It has been pointed out that the power of supervising financial institutions is overconcentrated in the MOF. What do you think of this point?

[Kaizuka] In Great Britain, the Bank of England — the central bank — is authorized to supervise banks. A system of multiple checks is implemented in the United States with the Treasury Department, federal banks in various regions and state supervisory authorities assigned to supervisory work. Likewise, as the central bank, the Federal Bank of Germany is the strongest independent authority. However, regarding the central bank's independent authority, it is desirable to ensure that politics is shut off from its macropolicies such as the interest rate policy. To strengthen the role of the Bank of Japan [BOJ], several measures can be taken. For instance, the function of the BOJ Policy Committee can be strengthened. However, compared with the system of the United States or European countries, there are serious defects in the Japanese system.

[YOMIURI SHIMBUN] It has been argued that the MOF should be broken up because of its overconcentrated powers.

[Kaizuka] Despite the fact that budget administration is basically different from banking, stock or tax administrations, all these administrations are put under one ministry. There must be disadvantages in mixing them together. It is a good idea to set the financial administration apart and set up a new, independent Finance Agency.

[YOMIURI SHIMBUN] What will be the financial administration's future orientation?

[Kaizuka] In the United States, a sense of tension exists between banks and the Treasury Department because one may file a lawsuit against the other in case of mismanagement. The age of the administration and banking industrial circle operating under "a delicately close relationship" no longer exists in Japan. International regulations of high transparency should be adopted now. Moreover, it is imperative that conditions should be created for financial institutions to exercise their own ingenuity. While persisting in the so-called "please-do-as-you-wish" stance, the administration should also make efforts to remove obstacles existing among different business conditions by taking such measures as deregulating financial holding companies. It will be necessary to work out a framework under which the banking industry operates on the basis of the principle of competition while the MOF performs merely lateral supervision.

Japan: Plan for New Antisubmarine Aircraft Viewed

OW1302055196 Tokyo AERA in Japanese 12 Feb 96 pp 16-18

[Article by AERA editorial board member Shunji Taoka: "The Whole Picture of the Domestic Patrol Aircraft Plan"]

[FBIS Translated Text] A plan for the greatest equipment development program in the Defense Agency's [DA's] history is secretly included in the new "Mid-Term Defense Program" (for FY 1996-2000) approved by the cabinet 15 December last year. With regard to a new plane to replace the Maritime Self-Defense Force's [MSDF's] antisubmarine warfare [ASW] patrol aircraft P-3C, there is a passage: "Upon examination, necessary measures will be taken" within the period [FY 1996-2000]. Although the expression is cautious, the DA's Technical Research and Development Institute has been studying key components — such as "a study of a large aircraft's shape" — with a view to domestically developing the next ASW aircraft, since 1991. If the United States does not interfere with the project, and if it obtains government approval, the domestic development will be decided around 2000, the first flight will be made in 2006 or 2007, and deployment will be in or after 2010.

Equipped With Four Turbo-Fan Engines

However, since this is a big project worth 1.35 trillion yen — approximately 90 planes are planned to be produced, and the cost is currently estimated at about 15 billion yen per aircraft — there is a strong possibility that the U.S. defense industry, which is suffering from a sharp decrease in U.S. forces procurement, will try to intrude into the program by influencing the U.S. Government and Congress. A debate greater than the one at the time of the FSX's (now named as F-2) development, which totaled more than 1 trillion yen, is expected; and whether or not Japan can resist U.S. pressure will be the main focus of attention.

The plan for the next ASW aircraft is now referred to as the "MPA" (Maritime Patrol Aircraft) program within the DA. While a formal discussion of required performance criteria will begin in the next fiscal year, a basic conception for the development has already been discussed among the MSDF, the DA, and aircraft industry engineers; and is about to take final shape.

The development plan's main points are: four turbo-fan engines, gross weight approximately 70 tons, speed 450 knots (about 830 km per hour), cruising range more than 9,000 km, four antiship missile ASM2's (range approximately 180 km, warhead 200 kg), four antisubmarine torpedoes, more than 100 "sonobuoys" (a cylindrical buoy, in which a water microphone and transmitter are placed, that detects the sound of a submarine and relays the information to the patrol aircraft), and a radar jamming system to make an enemy's counterattack with antiaircraft missiles difficult when the MPA attacks a surface ship.

The new ASW aircraft's outer form and size are likely to be similar to those of the twin-engine passenger plane Boeing 737, which are used by local lines, and the major difference is that there will be four engines. It is almost certain that Kawasaki Heavy Industries Ltd. will be the main contractor for the fuselage and Ishikawajima-Harima Heavy Industries Co., Ltd. for the engines. In addition, other aircraft manufacturers and a number of electronics firms are to join the project.

The P-3C — the MSDF currently has 97 — was derived from Lockheed's four-engine turboprop passenger aircraft "Electra," and its prototype YP3V-1 made its maiden flight in 1959. For about 40 years since then, numerous improvements to the aircraft, including its submarine detecting system, have been made, but because the plane was originally designed in the fifties, its limitations, such as slow speed and intense vibration, have been pointed out. The U.S. Navy stopped ordering the P-3C in 1990, and planned the development of the replacement aircraft P-7A. However, it was canceled due to financial difficulties.

High Price May Limit Number of Aircraft

While the retirement of the MSDF's P-3C's will start in around 2010, DA engineers say, "Since the United States remains unable to develop a replacement for the P-3C, Japan is forced to do it domestically." Even within the MSDF, which has quite a close relationship with the U.S. Navy, argument for domestic production is increasing.

While the P-3C's speed from a base to a search area is practically 220 knots (approximately 400 km per hour), that of a domestic MPA would be more than twice as fast. When a merchant ship is attacked, if a plane can fly two times faster, an area to be searched will be four times smaller. [For the new ASW aircraft,] not only the antisubmarine capability but also the capability to recognize and attack surface ships will be improved. Although the new ASW aircraft's cruising duration of 10 hours plus, and cruising range of 9,000 km are the same as those of P-3C, its flying radius on an air-to-ship attack mission can reach approximately 3,700 km, and it is possible to conduct an operation from Naha to the sea of the Malay Peninsula, from Iwo Jima to around New Guinea, and from Hachinohe to the Aleutian Islands.

Developing Engines Domestically Becomes Possible

One of the problems is the aircraft's price. There has been strong criticism that Japan's possession of 100 P-3Cs just for the northwest Pacific Ocean is excessive, compared to the 250 P-3C's of the U.S. Navy, which commands the world's seas.

The MSDF is concerned that the new aircraft's estimated price may go up, and that may cause a reduction in the number of planes to be produced.

DA engineers claim, "Due to the old design standards of the P-3C, its costs were higher in some aspects. Right now [the new ASW aircraft] can be produced at 15 billion yen per plane, which is not so high compared to the P-3C's 12.5 billion yen." A conclusion on crew size has not been reached also. The engineers say, "Although the P-3C has a crew of 11, six would be enough [for the new aircraft] because of progress in technology. This is one way to make the aircraft light and inexpensive." However, opposition to the plan is strong in the MSDF: "Different from commercial airlines, a patrol aircraft has many tasks that require manpower — such as receiving, deciphering, and reporting a cryptogram; repairing mechanical problems; and watching with binoculars in case of the need for a sea rescue — they cannot be handled by a crew of six." Also, there is an opinion that, "in view of making an antiship attack, the adoption of stealth technology (a technology that makes it difficult to be detected by radar by using materials and forms that make the reflection of radio wave difficult) is also necessary." However, this idea has not become the mainstream because going that far would make the aircraft more like a bomber and raise the costs as well. So only the ECM (electronic countermeasures) seems to have been adopted.

The DA's FY96 research and development budget includes 200 million yen for "future large aircraft shape (the fourth year)," 1.5 billion for "judgment support system for ASW aircraft tactics (the third year)," 1.6 billion for an "ASW aircraft radar system (the third year)," and 1.3 billion for an "ASW aircraft acoustic system (the fifth year)." In addition, 5.6 billion yen is allocated for the development of engines in the next fiscal year alone, which is the second year of development. A "demonstration engine" with a 5-ton class thrust will be made first, and later its fan is to be enlarged to produce an engine with approximately 8-ton thrust. Japan did not have a test facility for large engines, and it was forced to give up domestic production [of a large airplane] when other countries refused to sell it engines. For this reason, the DA started building a 90 billion yen "aerodynamics-propulsion research facility" in Chitose, Hokkaido, in 1991. When it is finished in 2001, conducting engine and large-scale wind tunnel tests will become possible at home, and Japan will no longer need to depend on other countries for the engines.

Wary of U.S. Obstruction

This is not the first time Japan has considered developing jet patrol aircraft on its own. In 1971, the DA decided to domestically produce 100 "PXL's" (next-generation antisubmarine aircraft). Although PXL research and development had started with a budget of more than 1 billion yen from 1970 to 1972, the domestic production project was "taken back to the drawing board" at the National Defense Council's Diet Member Forum in October 1972, and the DA decided to procure the P-3C in 1975. In 1976, a case in which Lockheed offered a bribe to former Prime Minister Kakuei Tanaka in relation to plane purchases was revealed; it also came to be known that the late Yoshio Kodama, a leading right-wing figure, had signed a contract with Lockheed regarding the sale of the P-3C. After some confusion, the government approved P-3C procurement in August 1977.

Although this scandal came to light after Tanaka's resignation, the MSDF gave up its original domestic development plan, and promoted P-3C procurement. The principal reason it did so is because the level of software to detect and recognize submarines was completely different between Japan and the United States. Even if aircraft and computers can be produced domestically, one cannot tell allies from enemies without the U.S. Navy's data on Soviet submarine "sound prints." The United States had been far more advanced in the area of studying how sound waves travel in the sea. However, for the last 20 years, the MSDF has also studied and collected data, and has cultivated confidence in its ability to make the software by itself.

The DA and MSDF are secretly working out a plan to domestically develop the MPA though they emphasize on the surface that: "It is just a study of basic technology, and we have been unable to decide whether or not to produce the new aircraft domestically." The primary reason [they act that way] is that they are wary of U.S. interference.

While the DA and Air Self-Defense Force had already decided on a policy to domestically develop the FSX (now F-2) in 1985, the United States intensely pressured Japan to import U.S.-made aircraft, or to jointly develop a new plane with the United States based on U.S. aircraft. The Japanese Government gave some resistance to the States, but it accepted the joint development plan based on the F-16 in October 1987. Although it was a "joint development," Japan shouldered all the costs. For Japan, its decision was meant to be a sign of friendship to the United States.

However, in the U.S. Congress, criticism had risen that "Japan was trying to steal F-16 technology" instead. When the U.S. Government sought to revise the agreement between the two governments, the Japanese Government made a further concession, and ended up accepting humiliating conditions — such as significant technical information would not be given to Japan, and Japan would transfer its new technology to the United States — to obtain permission for the coproduction.

"Child Born of Rape"

This U.S. interference caused a delay in the development program. While the FSX's first flight had been scheduled for 1993, and its deployment for 1997 under the domestic production plan, the maiden flight was rescheduled for October 1995, and deployment for 1999. The development cost estimated at 165 billion yen under the domestic program swelled to twice the amount to 327.4 billion yen.

From this regrettable experience, when the FSX was unveiled at Mitsubishi Heavy Industries' Komaki-Minami plant, a DA section chief said, "It is like a child born of rape. Even the sight of its face, resembling its father (F-16), makes me feel unpleasant." When this was quoted in AERA, it came to be much talked about within the DA: "His words are awful, but we quite agree with him."

Almost everybody in the DA agrees that the mistake of the FSX — making a concession easily — should not be repeated. However, senior DA officials feel that the United States would interfere with Japan's program once again requesting "joint development" because it does not have the funds to develop the replacement for the P-3C, and its defense industry is suffering. There are enough precedents to expect that the United States will make selfish requests like: "Japan will shoulder the development costs. The States will provide the technology. In case of mass production, we want our share. Japan should let the U.S. use the technology developed jointly." Also, there are many cases in which the U.S. defense industry spent a large sum of money to maneuver behind the scenes to get itself involved in another country's projects. In addition, there was strong criticism within Congress and the mass media when it was decided that the FSX would be developed jointly: "Japan will gain aircraft technology through this joint project, and would threaten the U.S. market with passenger planes." Since it is certain that Japan will accumulate the technology for developing passenger aircraft if it develops a four-engine plane like the MPA on its own, it is conceivable that the MPA program would make the States warier than it was at the time of the FSX. With regard to the Science and Technology Agency's H-2 rocket — which uses liquid fuel and takes 12 hours to prepare for launch — U.S. media went so far as to stress a Japanese threat since "[Japan] might use it as an ICBM (intercontinental ballistic missile)." So if Japan develops a four-engine jet patrol aircraft, it would even say, "[the plane] is equipped with air-to-surface missiles, and with mid-air refueling, it is capable of attacking the U.S. mainland."

Hot Controversy Until 2000

While the submarine division of Russia's Pacific Fleet had about 140 submarines in the eighties, the figure declined steeply to 65 according to last year's "White Paper on Defense," and the remaining submarines are rarely dispatched due to the lack of fuel, repair budget, and personnel; and are falling into decay. Because of this situation, a criticism like the following is expected to rise within Japan: "There is no need to hurry to make new patrol aircraft amid a financial crisis in which the government bonds amount is about to exceed 240 trillion yen. The current P-3C's life can be extended by allocating some P-3C's as reserve aircraft by reducing the number of the P-3C's in service."

A senior official in charge of engineering at the DA said, "Even though the number of Russia's submarines have declined, the number of submarines in Asian countries are rapidly increasing. At the moment, a confrontation between Japan and such nations is unlikely; but Japan, which relies on marine transportation, needs an antisubmarine capability. Sooner or later its ASW aircraft needs to be replaced. Contributing to progress in Japan's technology will also be a significant role for the DA in the post-Cold War era."

For the next four years until 2000 when whether to start domestic development or not will be finally decided, the "MPA" is likely to be a significant issue of Japan-U.S. relations and of defense policy as much as or more than the "FSX" was.

North Korea

DPRK: ROK 'Smear Campaign' on 'Mass Defection From North' Denounced

SK1302100296 Pyongyang KCNA in English 0927 GMT 13 Feb 96

["Anti-DPRK Smear Campaign of S. Korean Puppets Denounced" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, February 13 (KCNA) — The South Korean puppets are these days busying themselves with "discussing a plan to set up large-size refugee camps" in the areas North of the River Han and on the border areas of China and Russia allegedly to cope with the so-called "defection" and with drafting "unification plans" at ministries and agencies of the puppet government, while tenaciously spreading a rumour about possible "mass defection from the North."

The rumour is a premeditated plot which the South Korean puppets invented to impair the high international authority of the DPRK, feeling fearful of the strength of the singlehearted unity of our people, who are advancing full of confidence and optimism, more closely rallied around the Workers' Party of Korea, not wavering in face of the moves of the imperialists to isolate and stifle the DPRK.

It is a trite method of the puppets to launch a smear campaign against the DPRK whenever they are faced with a crisis.

Also in September and October last year, they conducted a large-scale smear campaign against the DPRK, availing themselves of unprecedented-in-history damage from floods which hit some areas of the DPRK, crying for "possible defection of people through seas".

However, it was South Korean inhabitants, not people of the North, who "defected through seas."

This is eloquently proved by the fact that many South Korean people including the crewmen of the fishing boat "707 Taeyong" defected to the North this year. The defectors said that the overwhelming majority of the South Korean people are longing for the DPRK, complaining that South Korean society has been converted into a veritable hell owing to the corrupt politics of the traitor Kim Yong-sam, the kingpin of thieves.

The world is struck with admiration for the invincible might of the Korean-style socialism in which the leader, the party and the masses form a harmonious whole. This is an irrefutable and undeniable stark reality.

Fearful of this, the South Korean puppets continue to frame plots full of falsity.

Why are the South Korean puppets kicking up another racket about "mass defection from the North", exposing themselves to disgrace in the eyes of the world? It is because they seek a dirty scheme to invent a "shocking remedy" so as to impair the high international authority of the DPRK, create a "political disorder" in the DPRK and bridge over their ruling crisis which has gone into extreme.

Another purpose is to bring the serious crisis of the "government" under control and win more votes at the "parliamentary election" due in April by diverting elsewhere the attention of the people from the struggle to overthrow Kim Yong-sam.

By launching another vicious smear campaign against the DPRK, the Kim Yong-sam group revealed that they are a group of rascals going against the nation and that "dialogue" and "cooperation" on their lips are nothing but a hypocrisy.

The South Korean puppets must stop the anti-DPRK smear campaign at once.

DPRK Commentary Exhorts ROK To End Reckless 'War Exercises'

SK1202142496 Pyongyang Korean Central Broadcasting Network in Korean 0854 GMT 12 Feb 96

[Commentary from 12 February NODONG SINMUN: "Clouds of Fire Driven by the Warmongers"]

[FBIS Translated Text] Military actions by the Kim Yong-sam bellicose group, which opposes our Republic, are being all the more crazily carried out, bearing a very provocative nature. According to a report, the South Korean puppets, together with the U.S. Air Force, including a formation of B-52 strategic bombers, are planning to stage an actual war bombing exercise as part of the Coronet Regatta war exercise in South Korea from 13-15 February. Also, by mobilizing a U.S. aircraft carrier, a naval fire playing dubbed Valiant Usher 96-2K, which began 9 February, will continue until 18 February.

Needless to say, this kind of war exercise commotion, which is being carried out by introducing various offensive war equipment, including strategic bombers and aircraft carriers, is aimed at the invasion of our Republic.

Currently, the hysterics of the traitorous Kim Yong-sam clique to invade the North have reached their extreme. The Kim Yong-sam ring, which is faced with the worst crisis because it has fallen into the pitfall of the secret fund scandal, is recklessly running amok to find a way out of this by provoking an adventurous war to invade the North along with the outside forces.

The puppets are propagandizing about the nonexistent military threat from the North; are continuously dragging in various military equipment and operational means from the United States; and are daily spreading the odor of gunpowder of war exercises in the sky, over the ground, and on the sea of South Korea, aimed at the invasion of our Republic. As a consequence, a dangerous touch-and- go situation is being created on the Korean Peninsula.

If there are clouds, it is bound to rain. A hornets' nest of war may break out due to a trivial accidental conflict. Under such an acute situation, it is clear to anyone the danger involved in the war exercise commotion to invade the North, which is being carried out in collusion with the Kim Yong-sam ring and the bellicose forces of the United States. Our firm will and consistent position is to love and defend peace.

There is no more desperate task today than to prevent war and defend peace on the Korean peninsula. Thus, recently, we put forth a practical proposal to open an epoch-making turning point in peace and peaceful reunification by once again making this year a year of peace and great national unity between the North, South, and overseas, and are exerting sincere efforts to realize this.

Nevertheless, regarding our peace-loving proposal, the Kim Yong-sam ring responded by all the more driving the situation toward the gateway to war by endlessly carrying out the very dangerous war commotion of fire playing to invade the North. Where can there be a more serious challenge and provocation toward us, the peace-loving people who are making sincere efforts for the country's peace and peaceful reunification, than this?

We will accurately calculate the crimes of the Kim Yong-sam bellicose group, who are making every possible effort to offer our nation as a sacrifice of nuclear war to outside forces, and will by no means remain an onlooker.

The South Korean people know all too well that the ringleader who is driving the clouds of fire of fratricidal war from moment to moment that threatens the country's peace, the grounds of the nation's living, are no other than the puppets. They will deal a heavy blow to these warmaniacs.

Our people and People's Army are heightening their vigilance against the reckless commotion of war provocation of the traitorous Kim Yong-sam clique, a herd of nuclear war servants of outside forces and a group of warmaniacs. If the enemies set fire to war in this inviolable fatherland, they will not be able to escape a severe thousandfold punishment.

The Kim Yong-sam bellicose group must cool their heads that are swollen by war madness, and must immediately stop the reckless confrontation and commotion of war exercises opposing our Republic.

DPRK: Students in Seoul, Kwangju Hold Antigovernment Rallies

SK1102080196 Pyongyang KCNA in English 0657 GMT 11 Feb 96

[FBIS Transcribed Text] Pyongyang, February 11 (KCNA) — More than one thousand students held an anti-"government" rally at Yonsei University on February 10, according to a foreign press report from Seoul.

They denounced the South Korean puppet authorities for their brutal suppression of the labour movement and activist students.

At the end of the rally they went over to a demonstration, shouting "overthrow Kim Yong-sam".

Meanwhile, some three hundred students staged a demonstration in Kwangju, demanding the release of the arrested fellow students.

DPRK: Editorial Staff Critiques Videotape on Behavior of Kim Chong-il

OW0902143396 Tokyo SAPIO in Japanese 7 Feb 96 pp 22-23

[By SAPIO editorial staff]

[FBIS Translated Text] Late last year, North Korea reached agreement in principle with the Korean Peninsula Energy Development Organization (KEDO) after nearly one year in dispute. Meanwhile, it has concentrated troops on demilitarized zone [DMZ], keying up the United States and South Korea.

Even though there has been no one has yet formally taken over as head of state, Pyongyang's traditional tactic of using both soft and hardline policies depending on the situation seems to have been inherited.

Nevertheless, we wonder what Secretary Kim Chong-il, the son of the late President Kim Il-song and seen as the next state head, is doing.

After the death of President Kim Il-song on 8 July 1994, Secretary Kim Chong-il did not appear at official events except the funeral service for Kim Il-song. For that reason, there have been various reports on the state of Kim Chong-il's health.

The Editorial Department of this magazine has recently obtained a valuable videotape showing how well Secretary Kim Chong-il is doing.

What we have obtained is a videotape showing a banquet held (on 15 October) in celebration of a visit by a delegation of the pro-Pyongyang General Association of Korean Residents in Japan [Chongnyon], which attended the 50th anniversary of the founding of Workers' Party of Korea [WPK] held on 10 October 1995. In the video, Secretary Kim Chong-il meets Chongnyon officials at Mok An Kwan [as published], walks sure-footedly, and shake hands with them one by one, his face beaming with smiles. The videotape is about 20-minutes long and has been edited for senior members of Chongnyon.

In the video, Secretary Kim Chong-il makes a toast, saying: "Thank you, compatriots."

He appears amiable, completely different from the tense look seen on the platform during the 50th anniversary of the foundation of the WPK held on 10 October and at the military parade.

It has been reported that after the death of President Kim Chong- il, North Korean businessmen living in Japan, who are major supporters of the Chongnyon, are increasingly distancing themselves from North Korea and Chongnyon.

It might have been necessary for the WPK to show how well "respected and loved leader, comrade Kim Chong-il" is getting along and how responsible deputy chairman Ho Chong-man of Chongnyon has a presence in Chongnyon.

On the other hand, a issue of NODONG SINMUN dated 25 December last year carried a statement by Secretary Kim Chong-il saying: "To respect seniors who contributed to the revolution is a noble, moral obligation of revolutionaries," thus stressing his own leadership.

In 1996, North Korea, under the leadership of Kim Chong-il, is likely to get going.

DPRK Armed Forces Symposium Proclaims 'Greatness' of Kim Chong-il

SK1002093196 Pyongyang KCNA in English 0920 GMT 10 Feb 96

[FBIS Transcribed Text] Pyongyang, February 10 (KCNA) — A symposium of the Ministry of the People's Armed Forces on the greatness of respected supreme commander Comrade Kim Chong-il took place at the April 25 House of Culture on February 9.

Present there was Choe Kwang, member of the Political Bureau of the Central Committee of the Workers' Party of Korea and minister of the People's Armed Forces.

Vice Marshals of the Korean People's Army Cho Myong-nok, Kim Yong-chun and Kim Kwang-chin and Colonel General Pak Chae-kyong spoke at the symposium on the subjects "Respected Supreme Commander Comrade Kim Chong-il Is the Supreme Incarnation of Noble Communist Morality", "Respected Supreme Commander Comrade Kim-Chong-il Is an Embodiment of the Mt. Paektu Spirit and Courage and a General of the Mt. Paektu Type," "Respected Supreme Commander Comrade Kim Chong-il Is the Great Father Who Trusts and Loves Our People's Army Most" and so on.

They said that all the officers and men of the People's Army and people, significantly greeting the birthday of Comrade Kim Chong-il, are full of deep pride and self-confidence of living and struggling with him, who is the best in the world in ideology and leadership, trait and quality, morality and obligation, at the head of our revolution.

They explained his greatness.

The greatness of the respected supreme commander with the noblest communist morality lies in purely carrying forward the cause of the great leader Comrade Kim Il-song, invariably upholding him, they said, and continued:

The noble personality of Comrade Kim Chong-il, who is the supreme incarnation of communist morality, is found in the fact that he highly respects the forerunners of the revolutionary cause of chuche as elders and hardcore of our revolution, takes good care of them and leads the bereaved children in a responsible manner.

Comrade Kim Chong-il, the great leader of the Workers' Party of Korea and the Korean people, is an embodiment of the spirit and courage of Mt. Paektu and a general of the Mt. Paektu type.

He firmly defended the destiny of the country and the people, smashing the "nuclear inspection" rackets, new war provocation manoeuvres and the challenges of the enemy with his matchless grit and superb tactics.

Referring to his greatness as a master of creation, they said that he creates everything as a masterpiece of the era and a great treasure of human intelligence.

They stressed the need for all the officers and men to become rifles and bombs to firmly defend the headquarters of the revolution headed by the great Comrade Kim Chong-il and resolutely guarantee the accomplishment of the revolutionary cause of chuche with arms by actively learning from the spirit of the O Chung-hup Seventh Regiment, which devotedly defended the headquarters of the revolution in the thick forest of Mt. Paektu.

DPRK Documentary Film Depicts Kim Chong-il as 'Benevolent Father'

SK1002061196 Pyongyang KCNA in English 0319 GMT 10 Feb 96

[FBIS Transcribed Text] Pyongyang, February 10 (KCNA) — The Korean documentary film studio recently produced a new documentary film "Under Trust of the Great Party".

The film impressively shows the great leader Comrade Kim Chong-il has opened the history of love and trust, taken care of the destinies and future of the Korean people and trained all of them into true revolutionaries and loyalists.

It also records historical facts that Comrade Kim Chong-il has given great honour to the seniors of the revolution and led them with warm love.

It shows people from all walks of life, who have immortal political integrity and live a worthy life under his magnanimous politics of love and trust.

The film shows well that Comrade Kim Chong-il is a benevolent father of the Korean people, who takes warm care of all the people in Korea.

DPRK Symposiums Hail Greatness, Exploits of Kim Chong-il

SK1302050396 Pyongyang KCNA in English 0412 GMT 13 Feb 96

[FBIS Transcribed Text] Pyongyang, February 13 (KCNA) — Officials and members of the General Federation of Trade Unions and the Union of Agricultural Working People of Korea on Monday held here symposiums on the greatness and the revolutionary exploits of Comrade Kim Chong-il to mark his 54th birthday.

Speakers at the symposiums said that the great leader Comrade Kim Chong-il has led the socialist cause to brilliant victory with his outstanding ideo-theoretical activities and great leadership and performed immortal exploits in history of human thought and the revolutionary cause of the working class.

The respected Comrade Kim Chong-il is a peerless great man who has the distinguished ability of leadership and the noblest sense of moral obligation to the leader and the supreme incarnation of noble morality and loyalty who set worldwide examples of communist moral traits unfailingly faithful to the leader who pioneered the revolutionary cause for the first time in history of the international communist movement, they said.

The speakers expressed their determination to cherish an absolute worship for Comrade Kim Chong-il, the symbol of their destiny and future, and accelerate socialist construction for the prosperity of their country, their motherland under his leadership, holding high the red flag of the revolution.

DPRK: Being Faithful to Leader's Cause 'Mission' of Broadcast

962C0012A Pyongyang NODONG SINMUN in Korean 14 Oct 95 p3

[Article by Chong Ha-chol: "Being Faithful to the Leader's Cause Is the Honorable Mission of Our Broadcast"]

[FBIS Translated Text] When the historic speech of the great leader Comrade Kim Il-song — the peerless patriot, legendary hero, and the sun of the nation — was broadcast live by radio on 14 October 1945 upon his triumphant return to the fatherland, it signaled the birth of new Korea's central broadcast.

It marked the appearance of a new type of broadcast, the chuche-type broadcast, of the party of the working class that had seized power.

The founding of the central broadcasting station under the sagacious leadership of the great leader Comrade Kim Il-song was an event of important significance in the ideological and cultural life of our people. It gave our party a powerful weapon and a trustworthy spokesman on the ideological front, and our people a close indoctrinator conveying them the voice of the party on a regular basis everyday and every hour.

Making the chuche ideology its guiding principle, our broadcast is dedicated to the lofty goal of contributing to ensuring the victory of the sacred chuche cause, namely, to realizing the independent stand and attitude of the masses of people. Its honorable mission lies in faithfully safeguarding and upholding the chuche revolutionary cause through its microphone — the cause which the Great Leader charted and advanced victoriously under the banner of the chuche ideology, and which the great leader [yongdoja] Comrade Kim Chong-il succeeded to and is carrying forward toward consummation.

The past 50 years of our broadcast were 50 years of glory featuring its faithful contributions to the chuche revolutionary cause, the cause of the leader, the leadership of the party and the leader, and the response to the vigorous bugle call for the march towards revolution and construction.

Even on such details as the direction, substance, and method of broadcast propaganda for each period and phase of the revolution, the great leader Comrade Kim Il-song gave his teachings to strengthen and develop our broadcast as the party's powerful ideological weapon.

In the post-Liberation period of peaceful construction, our broadcast waged extensive propaganda on the history of the revolutionary struggle of the respected and beloved leader, and on his greatness, rallying the people closely around the leader and spurring them forcefully into struggles for democratic reforms and consolidation of the revolutionary base in the northern half of the republic. During the arduous fatherland liberation war, it made positive contributions to it by raising the morale of all the people and all the officers and men of the People's Army launching into the holy war to crush the enemy.

In the postwar period for the rehabilitation and construction of the people's economy and for basic socialist construction, our broadcast served as a driving force in crushing activities of enemies at home and abroad, creating a new life on the war-torn land, and in generating the fiery wind of big chollima upsurges. In the period of socialist construction, it waged vigorous propaganda and agitation campaigns to arouse the people and bring them to strengthen the unity and solidarity of the party and revolutionary ranks centering on the great leader, and to accomplish the revolutionary tasks set forth by the party, thus making great contributions to consolidating the chuche of our revolution and enhancing its role.

Our broadcast, putting on a new face under the leadership of Comrade Kim Chong-il, the great successor of the chuche cause and the preeminent genius of the revolution, is contributing even more positively to the chuche revolutionary cause.

The great leader [yongdoja] Comrade Kim Chong-il showed a clear-cut path for our broadcast to take for each period and phase of the revolution, giving on-the-spot guidance to the Central Broadcasting Committee on more than a hundred occasions.

Under the leadership of the respected and beloved Comrade Kim Chong-il, our radio and television broadcasts are successfully fulfilling the mission of transmitting the party's voice.

Amid the special concerns and solicitude of the respected and beloved Comrade Kim Chong-il — who puts everything available into whatever he thinks is good for development of broadcast services —the material and technological foundations have incomparably strengthened and our radio and television broadcasts are now amply equipped with modern material and technological means.

The brilliant results achieved in the construction of broadcast and in broadcasting activities under the leadership of the great leader [yongdoja] Comrade Kim Chong-il indicate that our broadcast has solidly reestablished itself as the leader's broadcast serving his revolutionary cause.

Inasmuch as the revolutionary cause of the working class is charted, carried forward, and brought to completion under the guidance of the leader, the socialist broadcast should necessarily be constructed based on the revolutionary view of the leader, if it is to truly contribute to the socialist cause.

With his insight into the basic requirement for the chuche-based construction of broadcast, the great leader [yongdoja] Comrade Kim Chong-il early on defined the nature of our broadcast by linking it to the revered name of the Great Leader, seeing to it that all broadcasting activities are conducted based on the revolutionary view of the leader, and in such a way that it serves the cause of supporting and upholding the leader highly, and of contributing to carrying through the ideology and guidance of the leader. This marked an outstanding achievement clarifying the basic principles of socialist broadcast construction for the first time in the history of the working-class party broadcasts.

Making them its guiding precept, our broadcast adhered to the principles elucidated by the respected and beloved Comrade Kim Chong-il, the principles of broadcast construction based on the revolutionary view of the leader. As the result, while in other countries revisionists and renegades of revolution's renegades turned the brunt of their attacks to denigrating the authority and accomplishments of their leaders, our broadcast could mount propaganda publicizing the greatness of the leader, even more proudly and on an increasingly extensive scale, leading the vanguard in raising the voice defending the leader. Today, as in the past, our broadcast continues to uphold the leader who charted the revolutionary path, holding aloft the slogan of faith "Let Us Arm Ourselves with the Revolutionary Ideology of the Great Leader Comrade Kim Il-song!"

We are deeply proud of the fact that our broadcast has fulfilled admirably the role of an ideological guide in holding up the great leader [yongdoja] high in the center of the union, and that it has positively propagated the ideology and theory of the respected and beloved Comrade Kim Chong-il, who has deepened and developed the revolutionary ideology of the Great Leader in every aspect.

In our broadcasts today, we adhere to the main line — namely, propaganda on the greatness of the Great Leader and the respected and beloved Commander in Chief [changgunnim] Kim Chong-il —directing all editorial work to it thoroughly, thereby stepping up ideological indoctrination to ensure that our people cherish deep in their hearts the good luck they are blessed with for their leaders, generation after generation, and absolutely trust and follow the great commander in chief.

Our broadcast is the leader's broadcast upholding the leader with loyalty and embodying his ideology and leadership. This very fact is the highest pride of our broadcast. Thanks to it, our broadcast is forcefully demonstrating its might as the model of revolutionary broadcasts, knowing of no change in color or quality at all in the midst of any cataclysmic change in the situation or any inundation of alien ideological elements.

Our revolution today is at a historic new turning point to inherit and carry forward the chuche revolutionary cause toward its consummation, with the great leader [yongdoja] Comrade Kim Chong-il at the helm.

Confronting our broadcasts is the heavy, honorable tasks to enhance their militant functions and roles to meet demands of the times and the developing revolution, and thereby to contribute more positively to the chuche socialist cause, the cause of fatherland liberation, and the cause of global self-reliance.

The great leader [yongdoja] Comrade Kim Chong-il pointed out as follows:

"The Central Broadcasting Committee should further improve and strengthen broadcast services to meet demands of the developing revolution and of the masses of people."

The key for our broadcast to acquitting itself fully of its mission and responsibility of the times as the party's ideological weapon lies in adhering even more steadfastly to its lifeline, namely, the ideology of the party and the revolutionary ideology of the leader.

With absolute faith and a pure sense of integrity, we will continue to step up vigorously, through our broadcast, the propaganda upholding the great leader Comrade Kim Il-song as the leader forever of our party and our people, and as the founding father of socialist Korea. At the same time, we will step up, in breadth and depth, our propaganda on the ideology and theory, leadership and achievements, and the character and features of the respected and beloved Comrade Kim Chong-il. Thus, we will inspire all the people to absolutely trust and follow the respected and beloved Commander in Chief Kim Chong-il as the savior of destiny, and to unite around the commander in chief with one and the same mind and stoutly move forward on the long, long road of the revolution, keeping engraved on the hearts their iron will and faith in certain victory, the faith that they win as long as they have the great Comrade Kim Chong-il with them.

It is a duty befitting our broadcast to put the primary emphasis on ideas and plans of the respected and beloved Comrade Kim Chong-il, and to concentrate efforts on carrying them out.

We will strengthen the functions of broadcast as the ideological indoctrinator, in accordance with the basic duty and substance of broadcast services as elucidated by the respected and beloved Commander in Chief Kim Chong-il; at the same time, we will see that the country rings with the drumbeat of the revolution, inspiring the working class and all the people to achieve new innovations in carrying through the revolutionary economic strategies of the party. We will positively contribute to crushing the reactionary ideological and cultural offensives of enemies, achieving the independent, peaceful reunification of the fatherland, expanding the ranks of supporters and sympathizers for our revolution, and to expediting the realization of global self-reliance.

The basic guarantee for the continued strengthening and development of our broadcast as the leader's broadcast is that we do our broadcast in our way on the foundations of the chuche-based tradition of our broadcast laid by the respected and beloved Comrade Kim Chong-il.

We will resolutely defend and preserve the leadership achievements of the respected and beloved Commander in Chief Kim Chong-il in broadcast services, making the most of the characteristics of our style in substance and form; by doing so, we will firmly establish our broadcast as the leader's broadcast, complete with even more solid features of the chuche broadcast.

Our broadcast workers, who absolutely trust and follow the respected and beloved Commander in Chief Kim Chong-il, will move on upholding faithfully the cause of the leader with the party microphone firmly in their hands, whatever the adversity.

As in the past, our broadcast will, as the broadcast of the leader, continue in the future to faithfully defend and uphold the great leader [yongdoja] and, by doing so, keep on fulfilling thoroughly the mission assigned to it by the times and the revolution.

DPRK: IIJI Secretary General Awarded 'International Kim Il-song Prize'

SK1002093696 Pyongyang KCNA in English 0927 GMT 10 Feb 96

[FBIS Transcribed Text] Pyongyang, February 10 (KCNA) — "International Kim Il-song Prize" was conferred upon Kenichi Ogami, secretary general of the International Institute of the Chuche Idea [IIJI], some time ago.

He has earnestly followed the chuche idea authored by the great leader President Kim Il-song and made particular contributions to global independence.

He was the third "International Kim Il-song Prize" laureate.

He has worked as secretary general of the IIJI ever since its foundation in April 1978. He wrote many books, including "New Movement Based on Independence" and greatly helped toward propagating and disseminating the chuche idea among the progressives of the world.

He is also the chairman of the Permanent Committee of the Japanese Society for the Study of Kimilsongism.

The first "International Kim Il-song Prize" laureate is honorary Prof. and Dr. Shuhachi Inoue of Rikkyo University of Japan who is also the director general of the IIJI. He was awarded the prize in 1993.

He is the author of the book "Modern Korea and Kim Chong-il", which the world people read with avidity.

After reading the book, people unanimously described it as the first "Kim Chong-il biography" and a book on the modern evolvement of the chuche idea.

He published the reminiscences "Chuche Idea and Korean-Style Socialism" and a great many articles.

The second "International Kim Il-song Prize" laureate is T.B. Mukherjee [spelling of name as received], vice-director general of the IIJI and president of the Asian Regional Institute of the Chuche Idea. He was given the prize in 1994.

He actively propagated and disseminated the chuche idea among the peoples of India and other Asian countries and formed many chuche idea study organisations.

He wrote "Some Principles of Kimilsongism," "Kim Chong-il— Founder of Scientific Socialist Doctrine and Some Fundamentals of Scientific Socialist Doctrine" and many other books, which are popular among the followers of the chuche idea.

"International Kim Il-song Prize" was instituted according to a decision of the "International Kim Il-song Prize" Council which was inaugurated in April 1993.

The prize winners are given a certificate, a gold medal and a souvenir made of precious metals.

Vishwanath, director of the board of the IIJI and secretary general of the Chuche Idea Study Society of India, is the first to propose the institution of the prize.

He said that the outstanding guidance of the great leader Comrade Kim Chong-il is a basic guarantee for hewing out the destiny of humankind as well as socialism for the present, and proposed to institute "International Kim Chong-il Prize" as well as "International Kim Il-song Prize".

He is the secretary general of the "International Kim Il-song Prize" Council.

The chuche idea has been the contemporary thought. More than one thousand chuche idea study groups are active in some one hundred countries.

DPRK: Citizens of Pyongyang Welcome ROK Fishermen Who Defected

SK1202130096 Pyongyang KCNA in English 1252 GMT 12 Feb 96

[FBIS Transcribed Text] Pyongyang, February 12 (KCNA) — Pyongyang citizens met today to welcome South Korean fishermen who came over to the North aboard the fishing boat "707 Taeyong".

At the meeting master Kim Chong-on, Chief Engineer Kim Chong-hyon and crew Ko Chon-kwon and Yi Kil-sim were awarded Orders of the Democratic People's Republic of Korea. Monetary prizes and souvenirs were also conveyed to them.

Addressing the meeting, Sin An-pang, vice-chairman of the Pyongyang Municipal Administrative and Economic Committee, highly praised the fishermen, who defected to the socialist homeland from the cursed South Korean society and expressed the belief that they will make a great contribution to accelerating socialist construction and promoting national reunification.

In his speech Kim Chong-on extended deepest thanks to the great General Kim Chong-il, saying that he has embraced them, who had been maltreated in South Korea, so that they could begin living a worthwhile life, and showed deep loving care for them.

"My first impression of the North was that all the people were full of vigor with cheerful face, living an equal life without distinction of social standing," he said, and continued:

"South Korea's is a society only for the rulers and the rich.

"Since Kim Yong-sam became 'president', the living standards of the common people have got steadily worse and worse. The day is not far off when he is ruined.

"We are very happy that we have defected to the North from South Korea where we could not live a worthwhile life. The respected General Kim Chong-il's is a great embrace for all of our nation."

DPRK: Achievements of 'Distinguished Intellectuals' Noted, Praised

SK1202101696 Pyongyang KCNA in English 0939 GMT 12 Feb 96

[FBIS Transcribed Text] Pyongyang, February 12 (KCNA) — The Korean intellectuals are respected in society under the deep loving care of the Workers' Party of Korea.

The great leader Comrade Kim Chong-il said:

"In our country many revolutionary and war veterans, disabled soldiers, merited people, renowned intellectuals and other distinguished people in the cultural field still continue to work hard for the revolution, leading valuable and worthwhile lives under the warmly loving care of the party and enjoying social concern and respect."

The ranks of the Korean intellectuals numbering more than 1.82 million include many scientists, men of literature and art and management officials who are well known at home and abroad for their talents and praiseworthy activities.

Korea values and preferentially treats those who have academic degrees and titles including academicians, professors and doctors and other distinguished intellectuals as valuable assets of the country.

An archaeologist Chae Hui-kuk who has studied the historical science all his life is one of those who enjoy particular respect in the Democratic People's Republic of Korea.

His life is associated with the deep loving care shown by President Kim Il-song and Comrade Kim Chong-il.

When he was alive, the president met him on several occasions and indicated a true road of the study of Korean history spanning more than 5,000 years. He introduced the archaeologist to prominent figures of other countries, calling him an old doctor of Korea. Indeed, the loving care and trust shown by the president to him was boundless.

Comrade Kim Chong-il has taken a meticulous care of the scholar whom President Kim Il-song treasured. In April 1995, he sent a gold watch inscribed with the August name of the president and a color TV set of the latest type to the old scholar on the occasion of the birth anniversary of the president.

Informed that the archaeologist was suffering from an incurable disease, he organised a major operation for him with the mobilisation of competent medical doctors of the country and sent latest-type medical facilities for the recovery of his health. And he took a step to find his daughter with whom he has lived separated for more than 40 years after their separation in the heat of the fatherland liberation war and, informed that she lived in a foreign country far away from the homeland, he arranged an emotional reunion between the father and his daughter.

Chae Hui-kuk is a winner of the "Kim Il-song Prize", a corresponding member of the National Academy of Sciences, a professor and a doctor.

Paek In-chun, a talented poet and writer, has been respected by people, enjoying a worthwhile life in the bosom of the DPRK since he entered upon a literary career.

He wrote the script of the feature film "The Family of Choe Hak- sin", a masterpiece which held an important place in the history of Korean film.

He is a winner of the "Kim Il-song Prize" and labour hero. He is now working as chairman of the Central Committee of the General Federation of the Unions of Literature and Arts of Korea.

Those intellectuals who enjoy preferential treatment in the DPRK as the pride of the country include a winner of the "Kim Il-song Prize", academician, Prof. and Dr. Kim Chong-hui who has made contributions to the development of the nation's veterinary science as a researcher of the Veterinary Institute of the Academy of Agricultural Science under the National Academy of Sciences; a laureate of the "Kim Il-song Prize", labour hero, people's surgeon, Prof. and Dr. Sin Song-u, president of the Hamhung Tramautic and Orthopedic Hospital, who helped toward raising the orthopedics of the country onto the world level by inventing new methods of operations; and a laureate of the "Kim Il-song Prize", labour hero, academician, Prof. and Dr. So Sang-kuk, head of department of Kim Il-song University, who solved a scientific, technical problem arising in developing the electronics of the country.

The old intellectuals above mentioned are serving the party and the revolution with their knowledge, enjoying longevity under the concern of the party and the state.

In addition, those with academic degrees and titles in their twenties and thirties, together with the old intellectuals, are glorifying their lives as the intellectuals of the younger generation, enjoying social respect and concern.

It is the politics of the Workers' Party of Korea and a noble trait of the Korean society to love, respect and put up the intellectuals who render distinguished services for the party and the revolution, the country and people.

DPRK Media Reports on People Volunteering To Move to Rural Areas

SK1002125096

[FBIS Report] Pyongyang Korean Central Television Network in Korean at 1100 GMT on 8 January carries a one-minute news report on a meeting held to convey Kim Chong-il's thanks to Kim Sang-yong, the chief guidance official of the Fourth Bureau of the Ministry of Post and Telecommunications, for having volunteered to work in a regional area. The report says that during the meeting, the speakers expressed that the people's single resolve is to devote themselves to working in difficult sectors in hearty response to Kim Il-song's lofty will and to Kim Chong-il's leadership. The report also stressed the need to "repay the general's great trust and love with loyalty, devotion, and single-mindedness by demonstrating their honor as being the creators of miracles and feats in this year's grand onward march in which the people march vigorously under the red banner."

Pyongyang Korean Central Television Network in Korean at 1100 GMT on 12 January carries a one-minute news report on Yi Sun-sil, a worker at the glass ball work site of the Pyongyang Optical Glass Production Cooperative, and members of her family who volunteered to work at the Tonghung Cooperative Farm, Kumya County, South Hamgyong Province. The report notes the recorded remarks by Yi Sun-sil on their departure: "In hearty response to the fatherly leader's [suryongnim] lofty will, I will repay the great leader [widaehan yongdoja] General Kim Chong-il's great love and favor by producing more rice."

Pyongyang Korean Central Television Network in Korean at 1100 GMT on 7 February carries a one-minute news report on Kim Sung-chol, a freight worker at Chongjin Port, and members of his family who volunteered to work at the Hwasung Coal Mine. The report notes the recorded remarks by Yi Sun-sil on his departure: "I will go to the coal front and highly display the spirit of the red banner and the spirit of the arduous struggle, and thus will repay the party's trust and expectations with loyalty."

Pyongyang Korean Central Television Network in Korean at 1100 GMT on 9 February carries an under-one-minute news report on Ho Myong- hwan, a worker at the Pyongyang Store, and members of his family who "volunteered to work in a difficult sector." The report says that Ho Myong-hwan and his family were filled with resolve to devotedly work at the new work site in order to give greater joy to Kim Chong- il.

Pyongyang Korean Central Television Network in Korean at 1100 GMT on 9 February also carries a one-minute news report on Chae Yong- song, a security agent of the Security Bureau of Onchon County, who volunteered to work at a general farm in Taehongdan County. The report notes the recorded remarks by Chae Yong-song expressing his strong resolve to give joy to Kim Chong-il.

DPRK: NDFSK Plans To Make 1996 Year of Peace, National Unity

SK1102075096 Pyongyang KCNA in English 0643 GMT 11 Feb 96

[FBIS Transcribed Text] Pyongyang, February 11 (KCNA) — A spokesman for the National Democratic Front of South Korea [NDFSK] in a press statement on Feb. 8 fully supported the proposal made at the joint meeting of the political parties and organisations of the Democratic People's Republic of Korea, regarding it as the most reasonable proposal reflecting the will of the South Koreans and all other fellow countrymen for peace and reunification of the Korean peninsula, Seoul-based radio Voice of National Salvation reported.

The joint meeting held on Jan. 31 sent a letter carrying a new important proposal that should be jointly implemented by the whole nation this year to political parties, organisations and public figures in South Korea and abroad.

The political parties, organisations and public figures in the South should promptly and actively respond to the proposal of the North, which reflects noble patriotism and intention for reunification and defend the peace of the country by valiantly conducting the anti-war, anti-nuclear movement with people from all walks of life, the spokesman said.

He said that the NDFSK would contribute to making 1996 "a year of peace and great national unity" through the more vigorous struggle to smash the vicious challenge of separatists at home and abroad with all the patriotic people and achieve the independent and peaceful reunification of the country.

DPRK: History of Construction of Tomb of King Tangun Summarized

SK1202101896 Pyongyang KCNA in English 0914 GMT 12 Feb 96

[FBIS Transcribed Text] Pyongyang, February 12 (KCNA) — The long history of Korea has acquired greater brilliance in the era of the Workers' Party.

There is a stone tomb in Kangdong County in the suburbs of Pyongyang — the tomb of King Tangun.

The tomb was reconstructed in October 1994.

Tangun is the founder of ancient Korea, the first state of the Korean nation, and the first king of the nation. Founded in the early 30th century B.C., ancient Korea existed for nearly 3,000 years.

Tangun had been known as a mythical figure for thousands of years till he proved to have been a real person thanks to the wise guidance of President Kim Il-song, the great leader.

It has thus become scientifically clear that the Koreans are a homogeneous nation with a history of five thousand years and brilliant culture.

The president put many distorted historical events and facts of the nation to the rights. He urged historians to deepen their studies about Tangun.

He learned about how their studies progressed, and gave them important teachings several times. When Tangun's remains and his belongings were discovered in Kangdong, the president went to the place and outlined a plan to reconstruct the tomb magnificently.

The great leader Comrade Kim Chong-il formed a committee for rehabilitation of the tomb and provided a lot of fund, materials and manpower to speed up the reconstruction of the tomb.

As a result, the tomb of King Tangun was rebuilt as wished by the president in his lifetime. The magnificence of the tomb represents well the stamina of Tangun's Korea, which was strong and prosperous in the east.

Standing in front of the tomb is a monument dedicated to King Tangun's feats as well as the "Monument to Reconstruction of the Tomb of King Tangun" which is to tell posterity how President Kim Il-song and the Workers' Party of Korea discovered and honored the founder of the nation.

DPRK Ministry Publishes New Souvenir Sheet, Stamp, Postcard

SK1202102496 Pyongyang KCNA in English
0928 GMT 12 Feb 96

[FBIS Transcribed Text] Pyongyang, February 12 (KCNA) — A new souvenir sheet and a postage stamp were published in Korea by the Ministry of Post and Telecommunications on the occasion of the birthday of the great leader Comrade Kim Chong-il (February 16).

The sheet shows respected supreme commander Comrade Kim Chong-il among soldiers at a post in pine groves. Printed on the postage stamp is Kimchongilia against the background of magnificent Chong-il Peak.

The ministry also published a postcard bearing various beautiful flowers including Kimchongilia and an envelope bearing Kimchongilia and the Tower of the Chuche Idea.

DPRK Increase in Industrial Production Output Reported

SK1202004196 Pyongyang Korean Central Broadcasting Network in Korean
1200 GMT 10 Feb 96

[FBIS Translated Text] The nationwide industrial production output during January increased by 10.5 percent as compared with that of December last year. The increase was ascribed to the constant labor struggle of our working class who is making a continuous march with the spirit of the arduous march created in the forests of Paektu, the spirit of self-reliance and fortitude.

During the month, an innovation was effected in the sectors of power industry, coal industry, and railway transportation, and the production of major industrial goods such as timber, cement, chemical fertilizer, and machine tool increased.

These successes achieved on the road of the first march of the new year are the results of the wise leadership of our party which helped effect a new upsurge in socialist economic construction in conformity with the demands of the developing reality.

DPRK Increases in Production of Coal, Electricity Reported

SK1002050696 Pyongyang KCNA in English
0317 GMT 10 Feb 96

["Industrial Output Value Up" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, February 10 (KCNA) — Working People of Korea are effecting a great upsurge in production.

According to data available, the nation's industrial output value in January grew by 10.5 percent as against that of December last year.

In this period over one million more tons of coal was produced in coal industry while 200,000 more tons of iron ore was turned out at mines across the country.

The output of electricity went up by 7 percent.

Railway workers increased the freight turnover by 19 percent.

A considerable increase was also registered in production of timber, cement, chemical fertilizer, machine tool and other major industrial goods and the production of spun silk and cloth grew by more than 20 percent.

DPRK WPK Delegates Return From Chuche Seminar in Moscow

SK1202040196 Pyongyang KCNA in English 0335 GMT 12 Feb 96

[FBIS Transcribed Text] Pyongyang, February 12 (KCNA) — The delegation of the Workers' Party of Korea led by Hwang Chang-yop, secretary of the WPK Central Committee, returned home on February 11 after participating in the International Seminar on the Chuche Idea for Independence, Peace and Friendship which was held in Moscow from February 2 to 5 on the occasion of the 54th birthday of the Great Leader Comrade Kim Chong-il.

It was met at Pyongyang railway station by Hyon Chun-kuk, department director of the WPK Central Committee.

DPRK: WPK, National Assembly Party of Jordan Delegates Meet

SK1302035496 Pyongyang KCNA in English 0237 GMT 13 Feb 96

[FBIS Transcribed Text] Pyongyang, February 13 (KCNA) — A delegation of the Workers' Party of Korea [WPK] had talks with the delegation of the National Assembly Party of Jordan [NAPJ] here on Monday.

Present at the talks on the WPK side were Secretary of the Central Committee of the WPK Hwang Chang-yop, Vice-director of a department of the C.C. [Central Committee] of the WPK Choe Chin-su and other officials and on the opposite side were members of the delegation of the NAPJ led by its Deputy General Secretary Wadie A. al-Sayegh [name as received].

Both sides exchanged views on the development of the friendly and cooperative relations between the two parties and other matters of common concern.

DPRK WPK Holds Reception for Jordanian Party Delegates

SK1302050496 Pyongyang KCNA in English 0418 GMT 13 Feb 96

[FBIS Transcribed Text] Pyongyang, February 13 (KCNA) — The Central Committee of the Workers' Party of Korea [WPK] gave a reception in honor of the visiting delegation of the National Assembly Party of Jordan on February 12.

Secretary Hwang Chang-yop of the WPK Central Committee, addressing the reception, said that the respected Comrade Kim Chong- il has led the WPK, the state and the revolutionary Armed Forces as a whole since more than 30 years ago, gaining undying great achievements for the country, the people, the times and humankind.

From the first days of its foundation, the National Assembly Party of Jordan put forward a correct program, which conforms with the desire and requirement of the Jordanian people, and is making active efforts for the territorial integrity of the country, the sovereignty of the nation, the unity and cohesion of the people from all walks of life and the democratic development of the country in accordance with humanitarian patriotic and national principles, he noted, adding that the WPK will, in the future, too, work hard to upgrade the friendly relations with the National Assembly Party of Jordan in keeping with the idea of independence, peace and friendship.

The head of the delegation Wadie A. al-Sayegh, deputy general secretary of the National Assembly Party of Jordan, spoke next.

He said that the history of the Korean revolution started and led by his excellency the great leader President Kim Il-song is that of glory which successfully embodied the great chuche idea and fully demonstrated its victory.

He said that the revolutionary cause of chuche is creditably being carried forward under the wise guidance of His Excellency the Dear Leader Kim Chong-il, and expressed deep thanks to him for his energetic activities for further strengthening and developing in every way the excellent relations between the DPRK and the Hashemite Kingdom of Jordan and between the DPRK and the Arab peoples.

He stressed that the DPRK is the only legitimate state on the Korean peninsula, and hoped that Korea's reunification will be achieved without fail.

DPRK WPK Holds Friendship Gathering With PRC Party Delegates

SK1102071096 Pyongyang KCNA in English 0626 GMT 11 Feb 96

[FBIS Transcribed Text] Pyongyang, February 11 (KCNA) — The International Department of the C.C. [Central Committee], the Workers' Party of Korea [WPK] on Feb. 9 held a friendship gathering with the members of the delegation of the International Liaison Department of the C.C., the Communist Party of China, on a visit to Korea.

Invited there were the members of the delegation led by Dai Bingguo, deputy head of the International Liaison Department of the CPC Central Committee, Ambassador Qiao Zonghuai and officials of the Chinese Embassy in Pyongyang.

Director of department Hyon Chun-kuk, vice-directors of department Kim Yang-kon and Chi Chae-yong of the WPK Central Committee, and officials concerned were present there.

The participants saw the Korean documentary film "They Always Worked Together for the People" which was followed by a party.

DPRK WPK, Ukrainian Communist Party Delegates Hold Talks

SK1202040096 Pyongyang KCNA in English 0331 GMT 12 Feb 96

[FBIS Transcribed Text] Pyongyang, February 12 (KCNA) — A delegation of the Workers' Party of Korea [WPK] had talks with a delegation of the Ukrainian Communist Party here on Sunday.

Present at the talks on the WPK side were Alternate Member of the Political Bureau and Secretary of the Central Committee of the WPK Choe Tae-pok, Vice-director of a department of the WPK Central Committee Chi Chae-yong and other officials concerned and on the opposite side were members of the Ukrainian Communist Party delegation led by First Secretary of its Central Committee P.N. Simonenko.

At the talks both sides informed each other of their party activities and exchanged views on the development of the friendly relations between the two parties and other matters of common concern.

DPRK WPK Gives Party for Revolutionary Movement of Brazil Delegates

SK1302050796 Pyongyang KCNA in English 0420 GMT 13 Feb 96

[FBIS Transcribed Text] Pyongyang, February 13 (KCNA) — The Central Committee of the Workers' Party of Korea [WPK] gave a party for the delegation of the October 8 Revolutionary Movement of Brazil led by Deputy Secretary General of its Central Committee Sergio Rubens on Monday.

Speeches were exchanged at the party.

Sergio Rubens said in his speech that Korean-style socialism is the most advanced society. "We keep boundless reverence for President Kim Il-song and Comrade Kim Chong-il, the great leaders of the Korean people, who led the Korean revolution with outstanding leadership and unremitting efforts," he added.

The friendly and cooperative relations between the two parties and peoples of the two countries will be further strengthened, he stressed.

DPRK: Kim Yong-nam, Yang Hyong-sop Send Greetings to Iran

SK1102075996 Pyongyang KCNA in English 0629 GMT 11 Feb 96

[FBIS Transcribed Text] Pyongyang, February 11 (KCNA) — Foreign Minister Kim Yong-nam and chairman of the Supreme People's Assembly Yang Hyong-sop sent messages of greetings respectively to Foreign Minister Ali Akbar Velayati and President of Parliament Ali Akbar Nateq-Nuri of Iran on the 17th anniversary of victory of the Islamic revolution in Iran.

The messages expressed the belief that the friendly and cooperative relations between the two countries would grow stronger in the idea of independence, peace and friendship and wished them success in their work for smashing intervention of the imperialists, defending the country's sovereignty and achieving national prosperity.

South Korea

ROK: 'Rough Sailing' Expected in U.S.-ROK Trade Issues Negotiations

SK0302041496 Seoul THE KOREA TIMES in English 3 Feb 96 p 8

[Report by staff reporter Sim Chae-hun]

[FBIS Transcribed Text] Korea and the United States are expected to see rough sailing in trade issues this year, especially in the sectors of automobile and finance, although the issues are not likely to reach high political levels.

U.S. car companies are "terribly concerned" about signs that Korea's markets remain impervious to imports Andrew Card, CEO of the American Automobile Manufacturers Association (AAMA), was quoted as saying.

The United States will closely keep its eye on improvements in market access as a result of a September agreement on auto trade, the Bureau of National Affairs, a magazine published in Washington, quoted Card as saying.

Card said auto imports manufactured by Chrysler, Ford, and General Motors into Korea dropped by about 20 percent from the first 11 months of 1994 to the same period in 1995.

Imports into Korea from the U.S. Big Three dropped from 2,822 during the entire year in 1994 to 1,962 in 1995, a decrease of some 30 percent, the magazine quoted another AAMA official as saying.

Card cited as a positive development a Korean Government letter sent Dec. 15 to Korean car importers and distributors stating the government would not initiate tax audits against purchasers of foreign cars.

Another area of concern to the U.S. industry involves the financial sector. The Department of Treasury is scheduled to hold regular talks with Korean counterparts on reforms within Korea's financial system, said Gordon Flake, director of research at the Korea Economic Institute.

"Specific areas of concern include the insurance industry, foreign exchange and capital movements. Treatment of foreign companies in Korea is part of this issue," he said.

He went on to say that Korean efforts to join the Organization for Economic Cooperation and Development in 1996 will serve as an incentive for financial reform.

Intellectual property protection is another topic of concern in bilateral trade ties. The USTR has charged Korea with failing to implement Uruguay Round multilateral trade agreements concerning intellectual property, provisions covering retroactive protection of sound recordings, said the magazine.

Other sectorial issues will include procurement of telecommunications equipment, testing requirements for agricultural imports, and restrictions on beef imports, said Barshefsky, the Deputy of the USTR.

The President's Advisory Committee for Trade Policy and Negotiations last fall urged the Clinton administration to address a range of alleged obstacles to trade with Korea.

These include extensive requirements for pre-market approval that result in revealing important propriety product information for telecommunications, cosmetics, medical devices, processed foods, pharmaceuticals, automobiles and other products, the advisory was quoted as saying.

ROK: U.S. State Department Official 'Currently Visiting' DPRK

SK1202015196 Seoul YONHAP in English 0107 GMT 12 Feb 96

[FBIS Transcribed Text] Seoul, Feb. 12 (YONHAP) — A U.S. State Department official is currently visiting North Korea to discuss various bilateral issues between the two countries, a government source said Sunday.

The source said that Kenneth Quinones, the department's North Korea desk officer, is visiting North Korea to discuss the North's disposal of spent fuel rods from its nuclear reactors.

"Quinones is also expected to discuss other political issues with North Korean officials given the fact that he has dealt with North Korean affairs at the State Department," the source said.

"His visit to Pyongyang has a symbolic meaning improving relations between the two countries in that North Korea's de facto leader Kim Chong-il's birthday falls during his visit," he explained, saying that Quinones will find time to check on the communist country's food situation.

He went on to say that, in view of Quinones' career in the department, there is a possibility that he may discuss the establishment of liaison offices in Washington and Pyongyang and the light-water nuclear reactors [LWR] to be built in North Korea.

The Foreign Ministry, meanwhile, confirmed that Quinones has been in North Korea since Feb. 6 heading the 10-member delegation of nuclear experts. It said that he is currently holding discussions with the North Koreans about how to dispose of the spent fuel rods

ROK Article Analyzes Impact on ROK of U.S. Liason Office in DPRK

SK1002112096 Seoul CHUNGANG ILBO in Korean 10 Feb 96 p 6

[Article by senior reporter for international affairs Kim Yong- hui in Washington; from the "Global Focus" column: "Untrustworthy Mutual Cooperation Over the North Korean Issue"]

[FBIS Translated Text] Are North-South relations still a zero- sum game? Is anything that is advantageous to North Korea disadvantageous to the ROK? Let us apply this theory to North Korea-U.S. negotiations. Viewing the negotiations from the perspective of a zero-sum theory, if the United States provides emergency food aid to North Korea and establishes a liaison office in Pyongyang without the ROK's consent, this would be tantamount to an act benefiting the enemy or an act of betrayal.

This causes problems in ROK-U.S. mutual cooperation over the North Korean issue. In the nuclear negotiations held in 1994, and in last year's rice aid talks, the two countries unanimously stressed there is nothing wrong with ROK-U.S. mutual cooperation. However, the Geneva Agreement on the North Korean nuclear issue and the ROK-U.S.-Japan Honolulu agreement on providing rice provisions triggered discontent in Seoul, and this caused discontent with the United States as well.

Naturally, the gap between the United States and the ROK as regards their interests in North Korea is great. To make matters worse, North Korea clings to all possible means to alienate the United States from the ROK. Under such circumstances, it is difficult to expect an adjustment in the conflicting interests between the two countries.

In addition to the nuclear issue and rice aid, the establishment of liaison offices is another factor that threatens mutual cooperation. At the ROK-U.S. 21st Century Forum held in Washington from 8 to 9 February, high-ranking officials and experts from the two sides discussed pending issues between the ROK and the United States as well as the future of Northeast Asia, including the Korean peninsula.

Since the discussions took place behind closed doors, I cannot reveal who said what. However, judging from the remarks made during official and unofficial discussions, it was affirmed that there is no maneuvering room for the ROK to prevent the United States from establishing its liaison office in Pyongyang. A high-ranking U.S. official clearly stated that even though the United States will closely consult with the ROK over this issue, it will not become "hostage" to the ROK. An expert who had visited North Korea last year decisively said that a liaison office will be established regardless of ROK opposition once the United States and North Korea reach an accord over this issue.

The establishment of a liaison office is the most important milestone in improving North Korea-U.S. relations. But what will become of the ROK once the liaison offices are mutually established in Pyongyang and Washington according to North Korea's wish? The resumption of and progress in inter-Korean dialogue, which the ROK has insisted on as the precondition for all the steps the United States takes to improve its relations with North Korea, will end up as a scrap of paper. For North Korea, it will be one of its greatest diplomatic achievements.

Then what can the ROK do? A participant from the ROK warned it will ignite anti-U.S. sentiment among the Korean people. However, the United States did not seem to hear such warnings.

It is high time we seriously contemplate whether it is truly disadvantageous for the ROK to have the U.S. liaison office established in Pyongyang, which would eventually dissolve the shortage of information on North Korea and lead to frequent North Korea-U.S. contacts.

The United States will go its own way, and the conditions set forth by the ROK will not come to pass. When the general election ends in April, the U.S. policy toward North Korea will become more flexible. If the ROK thinks North Korea's sudden collapse is dangerous, and is certain North Korea will not accede to inter-Korean dialogue, then hoisting the Stars and Stripes in the middle of Pyongyang will be a way to prevent the danger of war and to normalize North Korean society.

The ROK has already established official diplomatic relations with the PRC and Russia. In addition, the ROK enjoys absolute supremacy of national power over North Korea. If the U.S. liaison office in Pyongyang contributes to curbing North Korea's adventurous maneuvers, then it could be a positive factor for the ROK.

However, the ROK should obtain a promise from the United States that, in exchange for establishing a liaison office, it will not engage in military contacts with North Korea and the progress in its relations with North Korea will be linked with progress in inter-Korean relations. This is a kind of package deal. Since the United States places much emphasis on establishing the liaison office, it should be able to pay the price for it.

ROK Editorial Expresses Concern About U.S. Korean Policy

SK1302072596 Seoul HANGUK ILBO in Korean 12 Feb 96 p 3

[Editorial: "We Are Concerned About the United States' Double- Dealing Policy"]

[FBIS Translated Text] Since the beginning of the new year, the United States' policy and attitude toward the Korean peninsula has been changing, and this attracts our attention. In other words, the United States is going to pursue a policy of dealing equally with North and South Korea as well as to accelerate the improvement of relations with North Korea.

What we should not overlook in the United States' policy toward the ROK in particular is the fact that while stressing the principle of "mutual cooperation," the United States is openly employing the double-dealing policy of independently approaching North Korea.

The examples of the United States' double-dealing policy include its supply of $2 million in food aid to North Korea, the shifting of the expenses for the heavy oil to be shipped to North Korea to others, and its insincere efforts at resuming dialogue between North and South Korea.

We believe that the U.S.' unilateral attitude has motivated North Korea to go so far as to refuse rice aid from international organizations. North Korea claimed that because of the North Korean military's backlash, it refused to receive rice aid from international organizations. However, it is clear that North Korea has not been satisfied with the rice aid it had received so far from international organizations, which was worth only 20 million dollars or so, despite its desperate efforts for the past three to four months. So North Korea refused the "small aid" this time aimed at receiving rice aid from the United States and alleviating U.S. trade and economic sanctions against North Korea by taking advantage of the so-called nuclear freeze and the current U.S. approach to the North.

Anyway, we must closely examine the fact that President Clinton indicated that the policy of the U.S. Congressional Research Service to link the U.S.-North Korean relations with the issue of North- South relations should be adapted in case it is considered inevitable for national interests.

Today, at a time when the United States is going to take a double-faced attitude in its policy toward North Korea and the Korean peninsula and to unilaterally push ahead with it, our government's attitude appears to be too idle. Our government regards "the ROK-U.S. mutual cooperation" as a treasure, and in case the United States breaks it, our government only expresses displeasure over it for a little while. In particular, when U.S. National Security Adviser Lake visited the ROK, our government took the easy-going attitude of unconditionally understanding and consenting to what he explained. Such an attitude is indeed hardly understandable.

The United States' unilateral approach to North Korea and the failure in realizing North-South dialogue, which was specified in the U.S.-North Korean nuclear agreement signed in Geneva, have resulted from our mistake of being excluded from the North Korean- U.S. nuclear negotiations from the beginning. However, what is important is the situation to be developed in the future.

In other words, if North Korea sincerely implements the Geneva nuclear agreement and the North-South Basic Agreement, we will welcome the improvement and normalization of U.S.-North Korean relations. However, as long as North Korea thoroughly rejects the ROK and North Korea's military threat against the ROK still exists in the DMZ, we will not welcome the U.S. approach to North Korea. In other words, we cannot become an onlooker who, pursuant to the United States' global policy and its national interests, bears all expenses, including the expenses for building light-water reactors and the expenses for additional rice aid.

The government should keep vigilance against the United States' unilateral approach to North Korea and Japan's possible moves to take advantage of this situation in approaching North Korea for the establishment of diplomatic relations. At the same time, the government should establish our independent policy toward North Korea and the Korean peninsula.

The government should also make clear to the United States that it will not bear any responsibility or burden which will run counter to the principle of implementing North-South dialogue and the principle of the ROK-U.S. mutual cooperation. We cannot play into the hands of the United States concerning North and South Korea.

ROK Article Speculates on Reasons for DPRK Seminar Cancellations

SK0902114696 Seoul MUNHWA ILBO in Korean 8 Feb 96 p 10

[Article by Ye Chin-su]

[FBIS Translated Text] North Korea has successively canceled investment seminars and trade shows that introduce Najin-Sonbong.

According to industry sources on 8 February, Yi Hyong-chol, director of the Americas Department of the North Korean Foreign Ministry, and Kim Mun-song, secretary general of the North Korean Committee for the Promotion of External Economic Cooperation, suddenly notified the International Business Management Institute, the organizer of a seminar on investment strategies for North Korea to be held in Los Angeles on 13 February, that they would not attend the seminar. As a result, the organizer had to cancel the seminar.

Reportedly, North Korea indefinitely canceled a medical equipment exhibition organized by a German international exhibition company, which had planned an exhibition in Pyongyang in April. On the afternoon of 2 February, North Korea also suddenly canceled an investment seminar on Najin-Sonbong, which was to be held in Davos, Switzerland. People are wondering what is the background of the cancellations.

Assessing Yi Hyong-chol's cancellation of the investment seminar in Los Angeles, many analysts believe this is North Korea's negotiation strategy to make the most of the U.S. moves toward alleviating economic sanctions against North Korea.

A businessman engaged in trade said: "The International Business Management Institute had planned to organize an inspection tour to Najin-Sonbong from 15 to 22 February, following the seminar. The institute has already accepted applications. The cancellation of a meeting by a high-ranking North Korean Foreign Ministry official, even at the risk of discounting North Korea's reliability among U.S. businessmen, is a deliberate strategy to accelerate the U.S. approach toward North Korea."

North Korea also postponed the international medical equipment exhibition organized by a German company. The exhibition was to be held in April, along with the participation of ROK and Western companies. It is uncertain whether the exhibition will be held at all.

Sources speculate that the ROK companies' participation has become an obstacle to the exhibition, and the postponement indicates North Korea's Western policy is in transition.

The North Korean delegation participating in the World Economic Forum being held in Davos, Switzerland, had planned to hold an investment seminar on Najin-Sonbong presided over by Yi Song-tae, chairman of the North Korean Committee for the Promotion of External Economic Cooperation, on 2 February, but canceled the seminar without giving a specific reason.

ROK: Father of Defector to ROK Removed From DPRK Provincial Post

SK1002021496 Seoul YONHAP in English
0138 GMT 10 Feb 96

[FBIS Transcribed Text] Seoul, Feb. 10 (YONHAP) — Hyon Chol- kyu, the father of a former North Korean official who recently defected to South Korea, has been dismissed as responsible secretary of the Worker's Party's South Hamgyong Province Chapter and as chairman of the province's people's committee, it was confirmed Saturday.

Hyon's son, Song-il, former third secretary of the North Korean Embassy in Zambia, defected to the South last month. The junior Hyon's wife, Choe Su-pong, also escaped to South Korea shortly before her husband.

Reports of North Korea's Central Broadcasting station monitored here said that Yi Tae-yon has been named to replace Hyon Chol-kyu at his former posts. Yi formerly served as chairman of the City of Nampo's Administration and Economy Committee.

The recent funeral of Dr. Yi Song-ki, an "industrial hero" who is considered the father of North Korea's nuclear program, was also mentioned in the broadcast. Yi is credited with inventing vinalon, a chemical fiber.

No change is seen, however, in the status of Hyon Chol-hae, the defector's uncle and a People's Army general in charge of logistics.

ROK: Thailand Refuses To Ship Rice to DPRK Until Accounts Settled

SK1202121596 Seoul YONHAP in English
1158 GMT 12 Feb 96

[FBIS Transcribed Text] Bangkok, Feb. 12 (YONHAP) — North Korea again Monday asked Thailand for 638,000 tons of rice, but initially in vain, a Thai official said Monday.

The official said the request was made by Yi Song-nok, visiting chairman of the North Korean Trade Promotion Committee, during his call on the Thai commerce minister.

Yi asked Thailand to ship the 138,000 tons of rice which Bangkok initially promised but later suspended delivery due to North Korea's default on the payment of the rice they imported in 1993.

Yi said his country is interested in importing 500,000 more tons of rice from Thailand.

But, the Thai minister told Yi that his country would resume shipping the 138,000 tons only after North Korea settled the default, and would consider an additional supply when North Korea is judged to have the ability to pay, according to the official.

In February last year, North Korea concluded with Thailand a contract for the purchase of 300,000 tons of rice, of which 162,000 tons were shipped to the North by September.

But, Thailand refused to ship the remainder as North Korea failed to settle the 15 million dollars out of the 23 million dollars for the 100,000 tons of rice they purchased in 1993.

The 1993 purchase was to be settled beginning January 1995 after a grace of two years.

Last October in the wake of floods, North Korea in a message asked Thailand to provide the 138,000 tons of rice, offering to buy 500,000 more tons. The rice request was renewed last month by Yi Son-tae, chairman of the External Economy Commission.

Yi Song-nok is expected to stay here in Bangkok for several more days persuading Thai officials.

ROK: KNRC Demands DPRK Reveal Fate, Return of Seamen

SK1202080396 Seoul YONHAP in English
0714 GMT 12 Feb 96

[FBIS Transcribed Text] Seoul, Feb. 12 (YONHAP) — The Korean National Red Cross (KNRC), via a radio message to its North Korean counterpart Monday, demanded that it reveal the fate of, and return, four persons aboard a South Korean fishing boat that allegedly defected to the North last month.

The vessel, Taeyong-ho No. 707, which left the port of Songsanpo, Cheju, with eight crewmen aboard Dec. 26 last year, was reported missing Jan. 8. Its whereabouts were unknown till Pyongyang's official Central Broadcasting station reported Jan. 28 that four crewmen, including skipper Ko Chon-kwon, had defected to the North, with the vessel docking at the North Korean port of Kimchaek.

Sent by KNRC President Kang Yong-hun to his North Korean counterpart Yi Song-ho over KBS radio, the message said the fate of four other crewmen has not been revealed, and demanded that their whereabouts and fate be disclosed.

"Their families believe that the crew went to the North due to temporarily unavoidable circumstances and are eager to have them return at an early date," Kang said.

The KNRC had to send the message via radio because the North is not answering telephone calls through inter-Korean liaison offices, a KNRC official said.

The KNRC reportedly plans to solicit support from the International Committee for the Red Cross and the International Federation of the Red Cross and Red Cresent Societies in case its requests are not duly met by the North.

ROK: DPRK Defectors Discuss Kim Chong-il at News Conference

SK1302072796 Seoul YONHAP in English 0640 GMT 13 Feb 96

[FBIS Transcribed Text] Seoul, Feb. 13 (YONHAP) — North Korea's de facto leader Kim Chong-il is likely to formally assume the posts of president of the state and general-secretary of the ruling Korean Workers' Party after the second anniversary of his father's death in July.

The indication was given by North Korean defector Hyon Sung-il, 37, a former diplomat at Pyongyang's mission in Zambia, at a press conference Tuesday.

Also speaking at the conference were his wife, Choe Su-pong, 36, who had fled from the embassy before her husband, and Cha Song-kun, 29, a North Korean martial arts instructor who arrived with Choe in Seoul Jan. 16.

Kim has long been in control of all state affairs and an official function for his succession to power is a mere formality, Hyon said.

In early 1995, Pyongyang instructed all of its overseas missions to tell foreigners inquiring about Kim's ascension to power that because Comrade Kim is already leading the party and the government, his official succession to power has no significant meaning, he added.

The reclusive leader is instituting what he calls "revolutionizing education" or demotion to keep particular party and government leaders from gaining political influence, he said.

When Vice Foreign Minister Kang Sok-chu, relying on Kim's support, acted independently and without consulting the party in 1992 and 1993, slanderous material against him was secretly reported to Kim. This led to Kang being assigned to take a one-month revolutionizing course at a cooperative farm after making what North Korea called "self-criticism" at a party cell meeting.

"Even my father, who is chief secretary of Workers' Party South Hamgyong Province committee, has also been subject to such revolutionizing education," he remarked.

Many North Koreans say things have worsened since Kim entered politics after his father's death in 1994, Hyon said. They are dissatisfied with Kim's indifference to the national economy, he said.

They also complain about Kim's scheme of winning support of influential party leaders and the government by giving them luxury apartments and electronic appliances, according to Hyon.

When asked about Pyongyang's foreign policy, the diplomat- defector said there would be no relationship between Kim Chong-il's formal rise to power and the communist nation's foreign policy line, nor would there be any significant change in Pyongyang's power structure after Kim's ascension.

Vice Foreign Minister Kang Sok-chu, at the helm of foreign affairs, would steer foreign policy in the direction of improving relations with the United States, using alternately the nuclear and war-threat cards, he added.

As for North Korea's food shortages, Hyon said that in September 1995, Kim Chong-il had instructed overseas missions to launch in their host countries a program to help ease the food shortage at home.

The instructions said that because South Korea gets in the way of international food aid, the overseas missions should convince their host countries that Pyongyang flood damage reports are by no means an exaggeration.

But Choe Su-pong, Hyon's wife, said Kim Chong-il, after his tour of flood-stricken areas near Sinuiju last August, had instructed exaggerated flood losses be reported.

The External Economy Commission formed groups receiving flood relief supplies and these groups played a leading role in the campaign to solicit international flood relief, she added.

North Korea's foreign-exchange shortages worsened in August 1994, making it impossible for Pyongyang to hold its regular regional meetings of overseas mission chiefs, and these meetings have since been replaced by telegraphic instructions from Pyongyang, she explained.

The Foreign Ministry set up a special section for mobilizing selected diplomats for drug trafficking overseas.

In the embassy in Zambia, she added, the diplomats have not even received their salaries since last August because little money has been sent from Pyongyang.

Cha Song-kun revealed that North Korea's People's Armed Forces Ministry set up what it called the cultural liaison office in late 1993 to collect information on South Korea's armed forces and abduct South Korean soldiers.

The Workers' Party has four sections leading anti-South Korea operations, and these sections assign agents to overseas missions to abduct foreigners to work as foreign language instructors to train agents who are planted in foreign countries.

Cha was an agent assigned to the Embassy in Zambia under the cover of a Taekwondo instructor until he defected to South Korea last month.

The party's office called "the 314 liaison office" is said to be counterfeiting foreign currencies, including the won, the U.S. dollar and the yen, to supply to the agents abroad, he explained. Cha said he had heard from his uncle working at the Ministry of Social Safety that after Kim Il-song's death, caricatures depicting Kim Chong-il pulling a cart or carrying a pack on his back were found on the walls of Pyongyang subways and that a professor at Kim Il-song University was secretly executed.

ROK Report Provides Analysis of DPRK Food Shortage

SK1302083296

[FBIS Report] Seoul KBS-1 Television Network in Korean at 1100 GMT on 11 February carries a 58-minute report entitled, "A Three-Dimensional Analysis of North Korea's Food Shortage" from the "KBS Sunday Special" program.

The report begins by describing a view from the PRC of North Korea across the border. The Tumen River is frozen over, and the atmosphere is described as being tense. The reporter notes that Onsong, in North Korea, is in full view, but that filming was difficult as it had to be done surreptitiously and because both sides along the border had intensified their guard. Two North Korean residents, apparently a young man and woman, can be seen talking with each other on the other side of the river, and a portrait of Kim Il-song, who died one and a half years ago, adorns the building across the bridge. The reporter notes that while there are no signs, on the surface, of change in North Korea, North Korea described the three bouts of torrential rain that fell in North Korea in July-August 1995 as the worst flood in 100 years. The reporter says that the KBS Sunday Special news coverage team intends to delve into the actual situation in North Korea through accounts and footage from recent visitors to North Korea.

The video shows the North Korean border area and a flood scene from an unidentified location.

The report then carries the following recorded conversations with Ha Pyong-il, director of the Huichon Municipal Committee of the North Korean Red Cross Society, and Paek Yong-ho, secretary general of North Korean Red Cross:

"[Ha Pyong-il] We appeal to you to send us food as soon as possible.

"[Paek Yong-ho] We need emergency relief goods. You should provide us with quilts, blankets, warm clothing, medicine, and building material. Above all, rice is the most important."

The video shows scenes of international organizations in Geneva, Switzerland, such as the UN Department of Humanitarian Affairs and the International Red Cross, who are trying to assist North Korea.

The report then carries a KBS reporter's interview in English with (Pierre Calbi Parisetti), head of the International Red Cross team for aid to North Korea, who discusses the seriousness of the flooding he witnessed in North Korea.

A KBS reporter also conducts an interview in English with Bernard Krisher, former director of NEWSWEEK's Tokyo Bureau, who visited North Korea last November to deliver relief goods. The KBS news coverage team met with Krisher, who has been engaged in a campaign on the Internet to help North Korea, and who has a videotape of scenes of flooded areas which he visited. When he visited North Korea on three occasions as NEWSWEEK's Tokyo correspondent, Krisher was only able to visit places the North Korean authorities designated and guided him to, but on this last occasion, he was able to go deeper into rural areas. These scenes were filmed by his son, Joseph, who accompanied him. He was also accompanied by a North Korean official from the North Korean flooding ad hoc committee and an interpreter from the North Korean Foreign Ministry. The video shows scenes of the flooded area, then shows an unidentified person saying that "Sixty percent of the grain crop was lost."

The reporter notes that Krisher and his entourage first visited Unpa, a rural area about 100 km from Pyongyang. Many houses were destroyed and the grain was swept away by water.

The reporter then notes that in North Hwanghae Province alone, one hundred eighty bridges were destroyed and that ten of these were iron bridges. Relief activities and providing food supplies were made all the more difficult as a result. When Krisher visited Sochang-tong to distribute relief goods directly to the flood victims, new dwellings had been completed only a few days prior to his arrival in the village which had been completely destroyed.

The video shows scenes from another flooded area, Tongsi-ri, Insan County, North Hwanghae Province, where residents are receiving relief goods that are being unloaded from a small truck. The reporter notes that while Insan is only 40 km away from Unpa, due to the unsurfaced roads and broken bridges, the group had to wade across streams and took some five hours to reach Insan. The flooding broke the bank of a large reservoir at the upper part of the village, so that the water in the reservoir flowed into the valley, destroying houses, people, and livestock.

The reporter notes that no cars were seen in Sinuiju, which is known to be the second largest city in North Korea, and that most residents were seen riding bicycles instead, and in some cases, were seen using carts drawn by cows. Residents were assembled at a community center in a village near Sinuiju, prior to the arrival of Mr. Krisher's entourage, and the video shows various scenes of Sinuiju and the surrounding areas.

The report then carries the following recorded conversations between Bernard Krisher and unidentified residents about the extent of food supply:

"[Krisher] Have they been getting enough rice?

"[Unidentified first woman] No.

"[Krisher] Does she go hungry very often?

"[Unidentified first woman] We have to endure."

Krisher asked to visit a North Korean home and a nursery, but the chairman of the people's committee of the village turned his request down. Instead, he was able to visit a farm house, which he noted resembled a South Korean farm house of the 1970's.

"[Krisher] How was this house affected? Was it flooded?

"[Unidentified second resident] Yes, it was all flooded. The water came up to this level.

"[Krisher] How did everyone escape? Where did they go?

"[Unidentified second resident] We went to a school building.

"[Krisher] How long did you stay in the school?

"[Unidentified second resident] We stayed there for 10 days.

"[Krisher] How much food are you getting each day?

"[Unidentified second resident] We used to get 340 kg per person each year. This amounts to almost one kg per day. We are now getting 150 kg per year per person, less than half of what we used to get."

The KBS news coverage team went to the Sino-North Korean border to assess the food situation in North Korea from the closest point possible. The report notes that peddlers carrying their wares on their back are waiting in front of the (Tomun) Customs House to enter North Korea. The bundles the peddlers are carrying are an indication of the seriousness of the shortage of goods in North Korea. The KBS report then a recorded conversation in Korean with an unidentified Chinese woman of Korean descent who traveled to North Korea's Chongjin area to visit a relative in late January. Her face is intentionally blurred to protect her identity. The conversation follows:

"[Chinese woman] Because we visit our brother-in-law several times a year and give him rice, he does not starve. But the majority of the North Korean residents who do not have relatives like us, cannot even get enough soup.

"[KBS reporter] Can't they eat three meals a day?

"[Chinese woman] They eat three meals a day, but they eat only soup and corn rice instead of ordinary rice. Those in the rural area is somewhat better off than those in the urban area. But the workers are having difficulty because rationing is not done properly. Residents of Chongjin come to Onsong to get rice and corn."

"[KBS reporter] The ROK and Japan provided North Korea with rice aid last year. Are the North Korean residents aware of this?

"[Chinese woman] The rice was distributed primarily to residents in Pyongyang and other large cities, but I heard that only one or three kg of that rice was distributed to each resident near here.

"[KBS reporter] Do you mean that the rice from the ROK and Japan was consumed in Pyongyang and that only a little of it went to the border area? Do the North Korean residents know that the rice was from the ROK?

"[Chinese woman] Yes, they are aware of that."

ROK Government Works on Plans To Deal With DPRK Defectors

SK0902140496 Seoul CHOSON ILBO in Korean 9 Feb 96 p 1

[FBIS Translated Text] On the afternoon of 8 February, the government held a meeting of the Unification and Security Policy Coordination Council presided over by Kwon O-ki, deputy minister for unification affairs, and discussed such pending issues as the exclusive economic waters issue; the second-stage moves by the United States to relax economic sanctions against North Korea; Japan-DPRK moves to establish diplomatic relations; and comprehensive measures to handle defectors. During the meeting, the government firmed up its previous position that the United States and Japan should approach North Korea in compliance with developments in North-South relations, and thus has decided to call on the two countries to be prudent in approaching North Korea. In addition, under the leadership of the National Unification Board, the government has decided to work out new and comprehensive plans to deal with defectors from North Korea, believing the "comprehensive measures to deal with defectors from North Korea" which were adopted at a meeting of the unification-related ministers in May 1995 have become useless.

Toward this end, the government will largely promote the job training program, which the Ministry of Labor carried out with 18 North Korean wood cutting defectors for one year in 1995, and is now considering plans to constantly check up on the social adaption of the defectors.

Deputy Prime Minister Kwon O-ki; Foreign Minister Kong No-myong; Defense Minister Yi Yang-ho; Kwon Yong-hae, director of the Agency for the National Security Planning; Kim Kwang-il, chief presidential secretary; and Yu Chong-ha, senior secretary for Foreign Affairs and National Security, attended the meeting.

ROK: NKP's Kim Yun-hwan Denies Links to Chon Tu-hwan's 'Fund'

SK1002020396 Seoul YONHAP in English 0047 GMT 10 Feb 96

[FBIS Transcribed Text] Taegu, Feb. 10 (YONHAP) — Chairman Kim Yun-hwan of the ruling New Korea Party [NKP] said Friday that he did not play any role in former President Chon Tu-hwan's slush-fund raising when he served as chief secretary in Chongwadae [presidential offices].

"When I served as his chief secretary, the chief bodyguard, the senior economic secretary and the finance minister were involved in his slush-fund raising, but I had no knowledge whatsoever about his slush fund," he told reporters upon arriving here.

Chon raised and dispersed this money with no help whatsoever from his chief secretary, he stressed.

"So, I don't know anything about his slush fund and I havn't received even a penny from his slush fund," he added.

Asked about his brother's joining the opposition United Liberal Democrats (ULD), the ruling party leader said Kun-hwan has gone to the ULD because he has a different political view, and added, "but it was also part of JP's (ULD President Kim Chong-pil) political maneuver that was intended to shake Kim Yun-hwan (from the April election.)"

"JP, as a political leader, should have given my brother advice, however unpleasant to hear, instead of causing problems in my family," he remarked.

As for the nostalgic mood yearning for the days of the late President Pak Chong-hui, which seems to be spreading in North Kyongsang Province, Kim said, "Whenever there is an election, this mood arises in this part of the country because a particular party fans the mood for its own political aims."

When asked about his political aspirations, he said, "The coming election will have a great influence on my political future, and the people will decide whether I should be a candidate in the next presidential election."

ROK Study on Defectors' Difficulty Adjusting to Life in ROK

SK0902065796 Seoul THE KOREA HERALD in English 9 Feb 96 pp 3, 5

[FBIS Transcribed Text] A North Korean defector's attempt to smuggle himself out of the country on a Chinese freighter after 17 months of life down in the South is triggering off a ripple of shock across the nation as people ask why.

But as initial shock receded, the incident gave way to the problems defectors face as they adjust to life in the South. A recent study released by O Hye-chong of Sogang University showed that 68.1 percent of the defectors suffered from mental and psychological problems, while 9.1 percent were found to suffer from social and cultural barriers.

Of the 44 defectors O interviewed 61.4 percent replied they were living better than in the isolated, stalinist North. About 13 percent replied they earn 1 million won (about $1,300) to 1.5 million won a month, and 15.9 percent said to earn over 1.5 mil]ion won. However, the majority of 40.9 percent replied their average income hovered below 1 million won.

Money is an acute problem since many defectors rely on settlement payments paid out by the South Korean government and often on fees from speaking tours. Since the government in 1993 slashed settlement payments to defectors, their monetary situation has aggravated. Dribs and drabs of logger defectors demanding more money from the South Korean government have been heard.

The current Protection Act of North Korean Defectors stipulates a total of 14 million won — 7 million for housing deposit and the 5 million in cash — will be given to a defector. The preceding law, the Special Compensation Act for North Korean Defectors, had offered extensive benefits of personal security, pension, educational funds for their children and housing.

"I see those who came after the law was amended, especially the loggers, the common soldier and the laborer, having no valuable information, are really struggling. They usually can't hold down a job, and soon part with what little money they have," Chang Ki-hong, a former logger in Siberia said.

Chang, who defected in 1991, considered himself relatively lucky that he defected before 1993, and received around 50 million won upon his defection.

The defectors also have a hard time adjusting to the working life in the South. Referred to jobs by the government or police officials, they find that in some cases they are not qualified for the job or in other cases they have difficulty being accepted.

Pak Su-hyon, a student at Kyonghi University's Oriental Medicine Department said he quit his job at Amore Co., a domestic cosmetics manufacturer as he persistently felt out of place and that people looked down on him as an incompetent northerner.

O's survey showed that 70.9 percent of the respondents said they had never received job training. About 40.9 percent said that another difficulty was to learn Korean words of foreign origin, and 9.1 percent of them said Chinese characters. And all of them cited English language as the biggest stumbling block in studying or on Job performance.

The police are continuing their inquire into the real motive of Kim Hyong-tok's stow-away on a Chinese freighter. Many of the defenders, according to Pak, feel that Kim probably was heading to China.

"That sum of 1.4 million may not mean much here, but in China, you can live very comfortably. Also, you don't have that "defector" title restricting your life," Pak said

Kim was found to possess about 1.4 million at the time of his capture in Ulsan. Kim, who escaped North Korea had crossed over borders of China, Thailand and Vietnam before he was accepted by the South Korean government in 1994. Such track records are naturally leading to conclusions that he, disillusioned, was seeking a new life somewhere other than South Korea. There are speculations that he might have decided to go back in expectation of a heroic welcome.

The police, however, are ruling out the possibility of Kim being a double-agent as his background is that of a common laborer before he defected.

ROK Ceremonies Mark ROK-PRC Optical Cable Network Opening

SK0902092696 Seoul YONHAP in English 0842 GMT 9 Feb 96

[FBIS Transcribed Text] Seoul, Feb. 9 (YONHAP) — A 549-kilometer optical cable network, which links Taean, South Chongchong Province, South Korea with Qingdao, Shandong Province, China, opened Friday.

The opening ceremony was held simultaneouly in Seoul and Beijing, as South Korean Information and Telecommunications Minister Yi Sok-chae and his Chinese counterpart Wu Jichuan exchanged congratulatory messages via a video conference made possible by the new international network.

The Seoul-Beijing undersea cable network required an investment of 40 billion won (51.21 million U.S. dollars), and is equipped with two 560-megabps systems which can simultaneously transmit the equivalent of 8,800 newspaper pages per second and 15,120 telephone calls.

The new cable network has expanded the the number of international communication circuits between Korea and China from 1,084 to 8,347, a ministry official noted.

ROK: DPRK Diplomats Who Defected in Zambia Plan News Conference

SK1202084196 Seoul YONHAP in English 0833 GMT 12 Feb 96

[FBIS Transcribed Text] Seoul, Feb. 12 (YONHAP) — Former North Korean diplomat Hyon Sung-il, 37, who recently defected to South Korea from Pyongyang's mission in Zambia, will give a press conference Tuesday

[13 February] morning at the Press Center in downtown Seoul, the Agency for National Security Planning said Monday.

Hyon will be accompanied at the conference by his wife Choe Su- pong and another defector, Cha Sung-kun, and is likely to reveal the lifestyles of high-ranking North Korean officials and whether or not foreign currency is being smuggled into the North Korea by diplomatic officials or being earned illegally.

The former diplomat took refuge at Seoul's mission in the African nation Jan. 23 and arrived in South Korea a week later. His wife had earlier sought asylum at the embassy in Zambia Jan. 7 and arrived in Seoul Jan. 16 together with Cha.

He is also scheduled to disclose details about his wife's life at the North Korean Embassy and whether Pyongyang is secretly planning to kidnap South Korean diplomats.

The eldest son of senior North Korean Communist Party member Hyon Chol-kyu, the younger Hyon was formerly third secretary at the North Korean embassy in Zambia. His wife was working as a typist there.

ROK: DPRK Diplomat Defectors From Zambia News Conference Televised

SK1302085196

[FBIS Report] Seoul KBS-1 Television Network in Korean at 0130 GMT on 13 February carries live relay of a 103-minute joint news conference from the Press Center in Seoul by Hyon Song-il, former diplomat at the North Korean Embassy to Zambia, his wife Choe Su- pong, and Cha Song-kun, a North Korean agent operating in Zambia, who defected to the ROK in January 1996.

The three defectors begin by providing brief personal histories and respond to questions from reporters.

When KBS reporter Kang Sok-hong asks Hyon and Choe why they defected, Choe says that she defected because she was not on good terms with either Kim Ung-sang, the North Korean ambassador to Zambia, or his wife, and because he beat her for not complying with his instructions. Hyon says that his disillusionment with life with the embassy, his wife's defection, the ambassador's instructions to execute his wife, and his recall to Pyongyang, led to his defection.

When Yonhap Television Network reporter Yu Chae-yong asks Hyon when Kim Chong-il will succeed power, Hyon says that he got the impression from reading foreign news reports about the possibility of a power struggle or Kim Chong-il's poor health, that the rest of the world knows too little about North Korea. He says: "Kim Chong- il began assuming gradual control of the party, the state, and the military in the early seventies and consolidated his control in the nineties. Therefore, an election which North Korea calls chudae and is an indication of power succession, is a mere formality. Nothing can be done without instructions from Kim Chong-il. The succession is virtually complete, I think. Therefore, I cannot understand the questions on why no succession has taken place. Pyongyang instructed diplomatic missions not to make any mention of when the power succession will take place or whether it will take place soon, but to let foreigners know that it is a mere formality. I cannot say mine is the correct answer, but I think Kim Chong-il will succeed power within this year, after the second anniversary of his father's death in July."

When Seoul Broadcasting System reporter Choe Un-kyu asks Hyon about the North Korean situation, he says that North Korea began facing economic difficulties long ago and that North Korea will not be able to resolve its current economic crisis without changing. Hyon adds that while the upper class in North Korea prefers to maintain the current system because the system's collapse will lead to disaster for them, the middle class thinks North Korea needs change, and the lower class, which is comprised of workers and peasants, has a favorable assessment of the socialist system, despite its discontent with the Kim Chong-il system.

When HANGYORE SINMUN reporter Yu Kwang-mun asks how Cha and Hyon was able to defect even after Choe had defected, Cha says that he was able to defect because his work was free from the operations of the North Korean Embassy in Zambia, and Hyon says that he was able to defect because no one thought he would defect and because everyone was trying hard to link his wife's defection with that of Cha.

When TONG-A ILBO reporter Chong Song-i asks Choe why she left her two children in North Korea and asks her to describe the lives of North Korean diplomats, Choe says that diplomats have to leave one child in North Korea, and that she had to send the one child that was with the couple Zambia back to North Korea because they could not support him. She also describes the miserable living conditions of embassy officials, saying that they have not received their monthly allowance of $250 since last year.

When SEGYE ILBO reporter Son Song-kyu asks a question about the fate of Hyon Chol-kyu, Hyon's father, and the intelligence gathering of the newly established Cultural Liaison Office of the Ministry of the People's Armed Forces, Hyon says he has heard no news about the fate of his father.

Cha says: At O Chin-u's recommendation, Kim Chong-il established the Cultural Liaison Office in the Ministry of the People's Armed Forces. Kim Chong-il gave instructions to divide the Research Department of the Workers Party of Korea into two parts and named one part the Cultural Liaison Office of the Ministry of the People's Armed Forces and appointed (Chang Pong-min), deputy director of the Research Department, as director of the Cultural Liaison Office with the rank of lieutenant colonel. This office's main mission is to gather information on the South Korean Air Force in South Korea and overseas. While agents may be infiltrating into South Korea through China, the Research Department's main duty is to gather information on foreign countries, and, therefore, I think this office concentrates on foreign countries, not South Korea.

When MBC reporter Pak Song-chae asks Hyon and Cha about the involvement of diplomats in smuggling and about North Korea's counterfeiting of South Korean currency at the 14 March Liaison Office, Hyon says: Embassy officials are very familiar with the financial conditions of North Korea, and, therefore, do not ask for money from Pyongyang, but live on a meager budget of $30,000 per year.

Cha says: When receiving basic spy training at the Political School in 1981, he heard from one of the instructors, who formerly was a combatant from the Kaesong Liaison Office, that into the nineties, the instructor had been involved on many occasions in the delivery of money to agents in South Korea occasions. I do not exactly know whether North Korea is using counterfeit money at present. Considering the fact that the 13 March Liaison Office is capable of printing passports of Asian countries, however, I think that it is easy for the office to print counterfeit money.

CHUNGANG ILBO reporter Kim Ki-chan asks Hyon whether any embassy was involved in drug smuggling and asks Cha about his terrorist training in Thailand and North Korea's ties to foreign terrorist organizations. Hyon says he knows nothing about drug smuggling. Cha says he merely went to Thailand in 1990 to become familiar with the country, that North Korea trained two agents of the Abu Nidal terrorist organization of Palestine in Pyongyang in Taekwondo and various other terror-related skills for two years and that two North Korean agents were sent to a Syria-based terrorist organization for training. He also said that he was once sent to kidnap South Korean pastors in the Russian Far East.

SANKEI SHIMBUN reporter Kuroda asks Choe about relatives in Japan and asks Cha about Kim Hyon-hui, the woman who bombed a Korean Airlines plane in 1987. Choe says that she knows of an uncle who lives in Japan. Cha says that he heard that Kim Hyon-hui's family is being detained in concentration camps.

ROK President Cancels Japan Meeting Due to Islands Dispute

OW1002032796 Tokyo KYODO in English 0259 GMT 10 Feb 96

[FBIS Transcribed Text] Seoul, Feb. 10 KYODO — President Kim Yong-sam canceled a Monday meeting with chief policy-makers in Japan's ruling coalition as an expression of displeasure over Japan's claim that the Takeshima islands are Japanese territory, a presidential spokesman said Saturday [10 February].

The spokesman said in a statement that Japan's "absurd remarks" can't be tolerated and South Korea will deal with the matter in a resolute manner.

"Japan has again caused an uproar in South Korea and widespread anger among South Korean people by making a preposterous claim over Tokto Islet, which is clearly an integral part of South Korea's territory," the statement said.

Takeshima is called Tokto in South Korea.

The Japanese coalition team, led by Taku Yamasaki, head of the Liberal Democratic Party's Policy Affairs Research Council, was originally scheduled to meet with President Kim on Monday over Japan's plans to resume normalization talks with North Korea.

The mission is reportedly to carry a letter from Japanese Prime Minister Ryutaro Hashimoto to the South Korean president urging improved bilateral relations, even as ties are strained over conflicting claims to the rocky islands in the Sea of Japan.

ROK Hopes To Dissuade Japanese Delegation From DPRK Visit

SK1002023796 Seoul THE KOREA TIMES in English 10 Feb 96 p 2

[FBIS Transcribed Text] Seoul is expected to tell Tokyo that it would be inappropriate for a delegation of Japan's ruling coalition to visit North Korea to discuss additional rice aid and the resumption of long-stalled talks for diplomatic normalization, officials here said yesterday.

A delegation of Japan's ruling coalition, led by Taku Yamasaka, chairman of the Liberal Democratic Party's policy research council, Sigeru Ito, chairman of the

Social Democratic Party's policy consultation council and Kisaburou Tokai, chairman of Sakigake's policy research council, is scheduled to visit Seoul Sunday and Monday to discuss their plan to visit Pyongyang.

"We don't expect Japan's ruling coalition to turn a deaf ear to our request and push ahead with the trip to North Korea," a ministry official said.

The Japanese delegation is scheduled to pay a courtesy call on President Kim Yong-sam and talk with Deputy Premier-National Unification Minister Kwon O-ki, Foreign Minister Kong No-myong, Defense Minister Yi Yang-ho, and Kim Yun-hwan, chairman of the ruling New Korea Party.

The Korean officials will cordially request the Japanese lawmakers not to visit North Korea, which will not help improve the inter-Korean relations that have seen little progress for a long period, the official said.

They will also remind the Japanese delegates of the principle that the improvement of relations between Japan and North Korea should proceed in harmony with that of inter-Korean relations, he said.

So far, North Korea has boycotted inter-Korean dialogue while seeking to improve its relations with Japan and the United States.

Following a trip to South Korea, the Japanese delegation will return home to decide whether or not to realize its visit to North Korea.

Originally, the Japanese press reported that the ruling coalition's visit to Seoul is aimed at appeasing Seoul's antagonism prior to its projected visit to Pyongyang.

Seoul officials have closely monitored Japanese lawmakers' move to take an initiative in improving relations with North Korea, which is the sole neighboring country with which Tokyo has no diplomatic relations.

So far, Japan has offered North Korea nearly 500,000 tons of rice while South Korea has provided 150,000 tons.

ROK: Japanese Scholars Concede Tokto Island Not Japan's

SK1202115696 Seoul YONHAP in English 1059 GMT 12 Feb 96

[FBIS Transcribed Text] Seoul, Feb. 12 (YONHAP) — Even some Japanese scholars have conceded that Tokto, a small Korean rocky isle in the East Sea [Sea of Japan] now being claimed by Japan, does not belong to Japan, according to a Seoul National University [SNU] professor Monday.

Prof. Chong In-sop of the SNU Law College said two scholars opined in articles appearing in Japanese journals on Korea that the disputed islet is not a Japanese territory and that Korea has a good reason to claim it.

The two Japanese scholars were Prof. Kazuo Hori of Kyoto University and the late Hideki Kajimura.

Prof. Hori said in an article appearing in the March 1987 issue of THE JOURNAL OF KOREAN HISTORY that Tokto is not an inherent territory of Japan as the Japanese Government insists.

He said Japan's claim of its territorial right to Tokto took shape only in the course of imperialistic aggression by Japan on Korea.

Meanwhile, Mr. Kajimura said in an article that ran in the September 1978 issue of CHOSEN KENKYU (A Study of Korea) that to the Japanese, the Tokto issue is a legacy of imperial Japan's expansionism and colonialism.

"So far as this question is concerned, there is a good reason and point in Korea's claim," he said.

The black or white theory under which the Japanese Government asserts Korea is 100 percent wrong has only misled the Japanese people, consequently finding itself bound by that very misled public opinion, Mr. Kajimura said.

ROK: Demonstrations Continue To Protest Japan's Claim to Tokto

SK1302045196 (Internet) The Digital Chosun Ilbo WWW in English 1247 GMT 12 Feb 96

[FBIS Transcribed Text] Private and social groups' demonstrations continued for the third day in a row, in opposition to the Japanese Government's claim to Tokto Islet. Two hundred people from eleven citizen groups including the Citizen's Coalition for Economic Justice (CCEJ) marched from Chongmyo Park at noon on Monday to the Japanese Embassy.

In addition, thirty members from the Federation of Democratic National Unification visited the Japanese Embassy at around 11:00 on Monday morning to submit a letter protesting Japanese leaders' statement regarding Tokto. The YMCA Seoul declared February 13 to March 9 anti-Japanese month during which they will wage a campaign not to watch Japanese TV and boycott Japanese goods.

Similar incidences and campaigns have been reported in Taegu, Pohang and other areas of the nation.

Meanwhile, Korean writers are planning to hold March 1 Independence Day celebrations on Tokto Island, using it as a symbol of the ongoing relations between Seoul and Tokyo.

ROK National Assembly Committee Demands Japan Apologize

SK1302114996 Seoul YONHAP in English 1139 GMT 13 Feb 96

[FBIS Transcribed Text] Seoul, Feb. 13 (YONHAP) — The National Assembly Unification and Foreign Affairs Committee on Tuesday adopted a resolution challenging the Japanese Government to apologize for laying claim to Tokto, a tiny Korean islet in the East Sea.

In the resolution, the committee said Tokto has been an inherent territory of Korea historically or in the light of international law.

"The contention by Japanese Foreign Minister Yukihiko Ikeda that Tokto is part of the Japanese territory constitutes an express violation of the Korean sovereignty," the resolution said.

The committee demanded in the resolution that the Japanese Government make an apology over the claim in the interests of good neighborly relations between Korea and Japan and peace in Northeast Asia.

"The committee also urges our government to take firm measures so that no similar incident would recur over the Tokto issue," it said.

ROK: Additional Security Guards Sent To Reinforce Tokto Island

SK1302083796 Seoul YONHAP in English 0810 GMT 13 Feb 96

[FBIS Transcribed Text] Ullung, North Kyongsang Province, Feb. 13 (YONHAP) — Police began to beef up security forces on Tokto Tuesday afternoon.

Eight additional security guards were dispatched by helicopters to join the 26-man garrison already stationed on the rocky island in the East Sea.

"We wanted to remind the garrison of the importance of defending Tokto, as well as setting up a perfect defense," said Yang Chae-yol, the head of the police guard team.

ROK NSP Believes Former Wife of Kim Chong-il Escaped to West

SK1302035196 Seoul YONHAP in English 0257 GMT 13 Feb 96

[FBIS Transcribed Excerpt] Seoul, Feb. 13 (YONHAP) — The Agency for National Security Planning (NSP) said Tuesday that it believes that the former wife of North Korea's de facto leader Kim Chong-il, along with three others, has escaped to the West.

Song Hye-rim, 59, reportedly disappeared along with her elder sister Song Hye-rang, 61, her niece Yi Nam-ok, 30, and her escort, the NSP said.

But an NSP spokesman did not give further details, saying, "Any more remarks about the incident would be improper."

He noted that Song Hye-rang's son, Yi Han-yong, 36, is residing in South Korea since his defection in 1982. [passage omitted]

Some North Korean defectors well-versed in the North's situation indicated, however, that Kim's ex-wife may not be his first as was reported by the CHOSON ILBO.

Such defectors, including Kim Chong-min and Kang Myong-to, said that Song Hye-rim was reportedly one of Kim's mistresses.

ROK Article on Disappearance of Kim Chong-il's Ex-Wife

SK1302082096 Seoul CHOSON ILBO in Korean 13 Feb 96 p 1

[Report by U Chong-chang]

[FBIS Translated Text] Song Hye-rim, 59, former wife of North Korea's highest power holder Kim Chong-il, disappeared after coming to Switzerland from Moscow around 20 January, along with her elder sister Song Hye-rang, 61, her niece Yim Nam-ok, 30, and an escort person.

It is highly likely that Song Hye-rim and her attendants are currently sounding out defecting to a third country while they are in hiding.

Mrs. Song Hye-rim is the mother of Kim Chong-nam, Kim Chong-il's first son. She is not officially divorced from her husband.

This was confirmed by WOLGAN CHOSON reporters who have pursued the activities and moves of the Song family for the past four months.

Mrs. Song Hye-rim has been residing in an apartment in Bavilo Street [street name as transliterated] in Moscow together with her sister Hye-rang since they came to Moscow from Pyongyang in 1983 to receive medical treatment. Mrs. Song Hye-rim, together with her sister and niece, as well as an attendant called "Auntie Myong-sun," arrived in her summer house in Switzerland after leaving Moscow. They disappeared after living there until early February.

Four months from now, on 20 October last year, WOLGAN CHOSON arranged for a conversation on international telephone service between Mr. Yi Han-yong, 36, son of Mrs. Song Hye-rang who is secretly living in Seoul after defecting to Seoul, and his mother Hye-rang in Moscow. Through this arrangement, WOLGAN CHOSON confirmed "the real intention" of Song Hye-rang, who played the leading role in the current incident, and continued pursuing their moves and activities.

Through conversations on international telephone service between Seoul and Moscow on many occasions, Mrs. Song Hye-rang said that she will go to a third country from Moscow around the end of January 1996. In a conversation on international telephone service she had just before leaving Moscow, Mrs. Song Hye-rang said: "When I leave Moscow, I will unplug the telephone cord in my room," thus showing a carefully preplanned move.

ROK: Kim Chong-il's First Wife Escaped, 'Seeking Asylum' in West

SK1302003896 Seoul YONHAP in English 0012 GMT 13 Feb 96

[FBIS Transcribed Text] Seoul, Feb. 13 (YONHAP) — The first wife of North Korea's de facto leader Kim Chong-il, Song Hye-rim, 59, has escaped to the west, together with her elder sister Song Hye-rang, 61, her niece Yi Nam-ok, 30, and an attendant of Song Hye-rang, a mass vernacular daily reported Tuesday.

The CHOSON ILBO said that the four-member group left a Moscow apartment, where they had been residing, for Hye-rim's villa in Switzerland on or about Jan. 20. They had lived in the village until they went into hiding earlier this month.

There is a good chance that the group is seeking asylum in a third country, according to the report.

The mother of Kim Chong-il's eldest son, Kim Chong-nam, 26, Song Hye-rim has not formally divorced her husband yet.

Hye-rim had been living with her elder sister Hye-rang at a Moscow apartment since 1983, when she left Pyongyang to undergo medical treatment.

Hye-rang has a son Yi Han-yong, 36, who defected to South Korea Oct. 20 last year and has been living here without his defection being made public, the report said.

In a number of long-distance telephone conversations between the mother and son, Hye-rang reportedly told Han-yong, "We'll leave Moscow for a third country in late January...when we do, we'll plug the telephone code out as a signal."

ROK Seeks Location of Kim Chong-il's Ex-Lover

SK1302115596 Seoul YONHAP in English 1144 GMT 13 Feb 96

[FBIS Transcribed Text] Seoul, Feb. 13 (YONHAP) — The government plans to find out the whereabouts of Song Hye-rim, the one-time live-in of North Korea's Kim Chong-il, who is reported to have escaped to the West, and induce her to seek asylum in South Korea, a government source said Tuesday.

The government, the source said, advised Korean missions in relevant countries to take necessary steps in consultation with their host countries to protect her as soon as her whereabouts is made known.

"Once we find out her location, we will first determine if she is interested in seeking asylum in South Korea," the source said.

Song and her family are known to have left their home in Moscow late last January for Switzerland where they have reportedly disappeared.

Deputy Prime Minister Kwon O-ki said during a Cabinet session earlier in the day that "It is true that the whereabouts of Song and her family is not known. But, it hasn't been confirmed whether the disappearance means they have escaped to the West."

Meanwhile, an official at the National Unification Ministry said Tuesday afternoon it is proper to regard Song Hye-rim as a "former live-in" of Kim Chong-il instead of Kim's "former wife" as earlier reported.

"Since Song Hye-rim had never been formally married to Kim Chong- il, it is not proper to describe her as Kim Chong-il's former wife," the official said.

ROK Plans To Commission Shipbuilding Project to Russian Institute

SK1302044696 Seoul THE KOREA TIMES in English 13 Feb 96 p 3

[FBIS Transcribed Text] The Korean government is planning to commission a Russian research institute to undertake a 100-million-won R&D project for advanced shipbuilding technologies.

To that end, the state-run Science and Technology Policy Institute (STEPI) under the wing of the Science-Technology Ministry concluded a memorandum of understanding (MOU) with the Krylov Shipbuilding Research Institute based in St. Petersburg last week, a STEPI spokesman said yesterday.

Under the government's first "R&D project commissions" to a foreign institute, the Russian institute, one of the world's leading shipbuilding researchers, will develop technologies for making large-scale fast-sailing boats and hand over the results to Korea by August, next year.

Under an agreement concluded in the Korea-Russia Joint Committee meeting last October, STEPI and the Korea Institute of Machinery and Metals, which is also affiliated with the ministry, will dispatch a task force to the Russian institute to evaluate the research.

The R&D program is designed to obtain advanced technologies in several strategic industries such as shipbuilding and marine transportation from Russia and other countries.

Under this program, foreign institutes are required to conclude a memorandum of understanding and submit detailed plans for R&D projects to the related Korean government institutes.

South Korea is the world's second largest shipbuilding country after Japan, but needs high technologies to meet the rising demand for ships of various designs.

South Korea is turning to Russia for high technologies in shipbuilding because Japan and other countries demand excessive royalties for handing over high-value-added technologies in the field, according to STEPI officials.

ROK Defense Minister Interviewed on Defense Policy

SK1302090696 Seoul SEOUL SINMUN in Korean 12 feb 96 p 5

[Interview with ROK Defense Minister Yi Yang-ho by Yi Kyong- hyong, editor of the Political Department of SEOUL SINMUN, in the defense minister's office in Seoul on 10 February; compiled by reporter Hwang Song-ki; first paragraph is SEOUL SINMUN introduction]

[FBIS Translated Text] During an interview with SEOUL SINMUN, Defense Minister Yi Yang-ho stated: "North Korea's strategy to communize the South has not changed since the Korean war 46 years ago. Considering North Korea's past behavior, it is possible that North Korea may misjudge the situation on the Korean Peninsula this year, when both the ROK and the United States are facing elections, and may resort to provocation," and added: "Our military has established a firm defense posture by maintaining a perfect posture for an all-out war and by developing the ROK-U.S. combined defense posture."

[Yi Kyong-hyong] Has North Korea deployed additional tactical planes or long-range artillery to the front this year?

[Yi Yang-ho] There is no significant change in the deployment of fighters. The aircraft are only conducting exercises near the bases. Despite economic difficulty, North Korea has continuously increased the deployment of long-range artillery. The forward deployment is thought to be a multi-purpose action to control the people and to gain an advantageous position in negotiations with the United States.

[Yi Kyong-hyong] How does the Defense Ministry assess food shortages in North Korea? Is there any proof that the rice from the South has been diverted for military provisions?

[Yi Yang-ho] North Korea has enough self-produced grains to be distributed for the next nine months. North Korea can overcome the food crisis if it releases only a part of the 1.2 million tonnes of rice in the military provisions stored for four months of consumption. We do not know exactly whether our rice has been diverted for military use, but considering the fact that both civilians and military units receive food distributions from the same granary, we cannot rule out the possibility.

[Yi Kyong-hyong] How do you assess the ROK people's sense of security?

[Yi Yang-ho] The people's sense of security varies by age group. Those who experienced the war, those in their 30's and 40's who have not, and the so-called new generation in their 20's have different concepts. The younger generation tend to have weaker sense of security. The people should be aware of the fact that North Korea has not changed its strategy of building a socialist country in South Korea.

[Yi Kyong-hyong] Last year, two former presidents with military background were arrested, and television stations broadcast dramas about them. These incidents considerably reduced military morale, and some soldiers reportedly complained that it is difficult for them to wear their uniforms in the streets in Seoul.

[Yi Yang-ho] The problem of military morale is not the problem that the nonmilitary people think it is. Since the inauguration of the new government, the military has been faithful to its role as a group of security experts protecting people's lives and property and defending the country. Most soldiers are silently guarding the front in this cold weather.

[Yi Kyong-hyong] The civilian government has launched military reform through the eradication of the Hanahoe clan and the disclosure of personnel irregularities, but some people believe we are far behind true reform.

[Yi Yang-ho] We have taken self-cleansing actions, including the liquidation of private clans, the transparency of defense reinforcement programs (namely, the Yulgok Project), eradication of personnel irregularities, and reform of military service administration. The crackdown on armed spies near Imjin River in Paju County, Kyonggi Province in October last year, and another case in Puyo, South Chungchong Province, is a result of the reform. Military reform cannot be achieved in a short time. The military will continue its efforts to overcome "stagnation" and "rigidity."

[Yi Kyong-hyong] In the beginning of this year, the Defense Ministry stated that it would announce an "active military policy on North Korea." Do you have any concrete measures? Will you propose a meeting between North and South Korean military leaders?

[Yi Yang-ho] A meeting between military leaders should take place as a part of government-level dialogue within the framework of the basic agreement between the North and the South. Under the situation in which North-South dialogue has been suspended, we cannot hold military talks separately. However, since it is not desirable to continue with the current tense situation without dialogue, we plan to take some tangible steps to establish mutual trust — that is, to reactivate the Armistice Commission, promote military contacts between the North and South, alleviate military tensions through the resumption of North-South dialogue, and install military hot lines.

[Yi Kyong-hyong] Some military leaders and other opinion leaders have raised the need to unify the three services into one. Will the 650,000-strong ROK military be maintained?

[Yi Yang-ho] Unified forces are a desirable format, but under the situation of North-South confrontation, in which North Korea has deployed 10 divisions near the DMZ, it is difficult to restructure the military on a large scale or to reduce the number of troops. Such a military restructuring and reduction will be possible only after reunification.

[Yi Kyong-hyong] As one of the means to "rectifying history," the Defense Ministry has stated that it will redefine the use and administration of military strength during war time and crises. Do you have more details on this?

[Yi Yang-ho] Military strength is war deterrence and the last means to defend the country. In peace time, military strength is used to ease the people's pain during disasters. We plan to adjust laws and regulations to guarantee prudent use of military strength during war time and crises. Revision of martial law is a part of this adjustment. If we delete the clauses that grant the judicial power and administrative control of a martial commander, the role of the military under martial law will be mainly to maintain security.

[Yi Kyong-hyong] What is your policy for improving civilian- military relations and the people's convenience?

[Yi Yang-ho] We are considering reviewing the appropriateness of laws on protecting military facilities, and easing the restrictions on entry by civilians into the restricted areas. However, I believe that the people should change their concept of military restricted areas. Even though individuals will have difficulties exercising their property rights, the restricted areas not only have military purposes but also protect the environment. [sentence as published]

[Yi Kyong-hyong] Is there any change in the ROK's military diplomacy?

[Yi Yang-ho] Following the end of the Cold War, international relations have become more complicated. The situation in neighboring countries is changeable, and conflicts have become diverse, amplifying uncertainty. Based on the ROK-U.S. alliance, we will diversify military diplomacy and increase cooperation with neighboring countries, including Japan, the PRC, and Russia, in order to guarantee national interests. We will actively participate in multilateral security-related communications and UN peace-keeping operations, so as to enhance war deterrence on the Korean Peninsula and to gain stronger international support for any emergency.

ROK: Canada Offers Naval Firing Ranges for ROK Navy's Use

SK1002035296 Seoul THE KOREA TIMES in English 10 Feb 96 p 3

[FBIS Transcribed Text] Canada has offered the ROK Navy the use of its naval firing ranges.

A Defense Ministry official said yesterday that Canada made the offer during the working-level defense policymakers meeting held between the two countries Feb. 7-9 in Seoul.

"The meeting focused on choosing areas of bilateral military cooperation both on a short and long term basis. Included in the list was Canada's offer to let Korean battleships use its firing ranges," he said.

The ROK Navy is limited in holding firing exercises as it has only one really open firing range, that being on the Namhyong islands off the southern coast. Firing exercises in the eastern and western seas have been rare due in large part to the geographical proximity to neighboring countries and North Korea.

The ministry official said, "It would be ideal for the Navy's warships to conduct the exercises after participating in Rimpac (Rim of the Pacific Countries) naval exercise."

The next Rimpac exercise is slated for May this year. Korea, the U.S., Japan, Australia and Canada are participants in the biennial exercise. A Navy spokesman said that ROK warships have never staged firing exercises on another countries' territory.

The largest guns on ROK warships are 5 inches and 76 milimeters.

ROK Editorial Decries Politics for Shaking Economic Foundation

SK1302044996 (Internet) The Digital Chosun Ilbo WWW in English 1235 GMT 12 Feb 96

[Editorial: "Why Political Logic in the Economy?"]

[FBIS Transcribed Text] In the overheated atmosphere leading up to the National Assembly elections, the economic foundation is being shaken by new, or in some cases, delayed policies, in order to collect votes. Even though this upcoming election is a midterm test for the current government and will affect the next presidential election, it should be remembered that politics should not affect the economy.

Of course before an election, all policies can be seen as popularity ploys. Yet some recent policy changes can actually be interpreted as being helpful to the economy. The lifting of bans on lending money to service sector industries and lifting duties required by the banks before lending out money to manufacturing industries by Vice Premier Na [Ung-pae] can be perceived to be sound economic sense. After all, in an open system economy, we cannot maintain restrictions on an expanding service industry.

However, the timing is less than perfect at a time when small and medium businesses are suffering from high rates of bankruptcy. This is the time for our economic policy to focus on strengthening the competitiveness of the manufacturing sector in general. Instead, the change in policy makes the preference switch from manufacturing to service as obvious as a house on fire. It is for this reason that these policy changes are open to criticism as a political strategy for votes.

The other side of the coin to politically expedient policy is the cases in which the government has avoided action for fear of political backlash. People are pushing for high tech communication, and the government has continually delayed contracting key projects in order to avoid opposition regarding special treatment. The government has also extended the deadline for choosing the liquid natural gas carrier company and delayed their decision regarding the route of the high speed Seoul to Pusan train through Kyongju. Plans for the privatization of public industries have also been pushed back.

We should do away with the vacuum of administration that will damage confidence in policy. If the economy becomes engulfed in political logic, it may eventually lead to incurable side effects in the national economy. While it is impossible to expect politicians to refrain from engaging in these types of actions, economic bureaucrats must decisively remove themselves from the election arena.

ROK: Yi Dynasty's Last Royal Grandson Returned Home 12 Feb

SK1302044796 Seoul YONHAP in English 0201 GMT 13 Feb 96

[FBIS Transcribed Text] Seoul, Feb. 13 (YONHAP) — The Yi Dynasty's last royal grandson, Yi Ku, 65, returned home Monday to discuss coming home for good.

Yi's return to Korea coincides with the Chonju Yi Clan Society's efforts to welcome him back home.

The society has recommended that the government provide Yi Ku with housing and living expenses.

The government used to be cool toward the idea because there has been no legal basis to make these provisions since the Special Accounting Law administering cultural properties was abolished in 1989, and there has been no public consensus regarding the issue.

Easing its stand somewhat, however, the Office of Cultural Property is now ready to consider the recommendation.

Office of Cultural Property Director General Chong Ki-yong said Tuesday, "If and when the Chonju Yi Clan Society again requests special consideration for Yi Ku, government-level consideration for him may be studied in view of the fact that he is the only direct, blood descendant of the Yi Dynasty."

Born in Japan in 1931 as the only son of Crown Prince Yongchin and Crown Princess Yi Pang-cha, Yi Ku was made prince at birth. Being a high school student in 1945 when World War II ended, he went to the United States for further study through the good graces of the MacArthur Occupation Headquarters and graduated from the Massachusetts Institute of Technology.

He returned home in 1963 with his Russian-born American wife Julia, and started a business. He declared bankruptcy and returned to Japan in June 1979.

ROK: Asiana Airlines Inaugurates Nonstop Seoul-Macao Flight

SK1002035396 Seoul THE KOREA TIMES in English 10 Feb 96 p 3

[FBIS Transcribed Text] Asiana Airlines inaugurated nonstop service from Seoul to Macao yesterday at Kimpo International Airport.

Asiana's Boeing 737-400 will be in operation thrice a week, Sunday, Tuesday and Friday.

Departure from Seoul is scheduled for 11:25 a.m. [0225 GMT] and 4:00 p.m. [0500 GMT] from Macao.

With the opening of the Seoul-Macao route, Asiana will be operating a total of 39 international routes.

Macao, known as the center of propagation of Christianity and commercial city connecting East and West, has recently become a favorite tourist attraction.

Burma

Burma: Article Urges SLORC To Bring Khun Sa To 'Justice'

BK1202151396 (Internet) BurmaNet News in English 11 Feb 96

[Article from IRRAWADDY Magazine: "The Suspicious Retreat of a Drug Warlord"]

[FBIS Transcribed Text] In November, drug warlord Khun Sa, alias Chang Si Fu, officially retired from his post as chairman of the Shan State Restoration Council. At the ceremony, Khun Sa and close aides hinted there would be a surprise in the near future.

Indeed, many people were stunned to see Khun Sa's new year surprise. Khun Sa invited Burmese troops to their headquarters and 'surrendered' to authorities.

Not only this, Khun Sa betrayed his 'Shan struggle for independence' and the Shan people, claim Shan rebels who disagreed with Khun Sa's recent move.

Unlike January of last year when Burmese soldiers captured the Karen rebels stronghold, Kawmura. This time they met no resistance at Ho Mong.

On December 22, Khun Sa called a meeting. The drug baron who claimed he only taxed opium traders and fought for Shan independence proposed to convert the MTA [Mong Tai Army] to become Ka Kwe Ye, or local militia force. Khun Sa's proposal won a major vote at the meeting.

Actually, since the beginning of December, there has been an informal agreement to stop fighting between the MTA and SLORC [State Law and Order Restoration Council]. In December, Khun Saeng who happens to be Khun Sa's uncle was taken by army helicopter to negotiate with military leaders in Rangoon.

There is much unhappiness and conflict among the Shan rebels. "He betrayed us," says one veteran Shan politician. He said Shan military officers from the MTA fled to the Thai border as they disagreed with Khun Sa's deal with government. It appears time has run out on the drug baron. He is wanted by Thailand and the U.S. and is being indicted on drug charges in New York. He has lost military outposts to the rival Wa army, which is backed by SLORC. His MTA has been rocked by defections and simmering discontent between the foot soldiers who are mostly Shan and the predominantly Chinese leadership further weakening his military strength.

As a result, it appears Khun Sa decided to make a deal with SLORC officials who can offer him safety and the possibility of continuing his drug activities.

The Thailand-based BANGKOK POST condemned the occupation of Ho Mong by the Tatmadaw [Defense Services] explaining that rather than solving an old and vexing problem, they have created a new one. Khun Sa has been the best-known opium trafficker in the Golden Triangle for a generation.

The SLORC has long claimed that the defeat of Khun Sa and his drug army was a major goal. Officials have correctly described Khun Sa as a terrorist. The harm done over the past 30 years by the opium warlord can hardly be measured. In Thailand alone not to mention dozens of other foreign countries where he has peddled drugs Khun Sa has corrupted officials and tragically ruined thousands of lives.

Burma's curious silence on Khun Sa is troubling, to say the least. The SLORC has in the past cooperated with drug dealers. In the face of the near-silence from the military regime, experts familiar with Burma have speculated on a deal between SLORC and the very symbol of Golden Triangle drug selling.

Burma's ambassador to Thailand, Tin Win, has said only that "Khun Sa will be dealt with according to the law." Since the junta is the law in Burma, this statement could mean anything. The regime itself, in reply to direct questions, refused to state its plans.

Rangoon will be making a serious mistake if it fails to punish Khun Sa for his many years of narcotics trafficking. It will make a worse, and extremely damaging error if it is seen merely to go into business with Khun Sa.

Burma has been fortunate to escape harsh criticism for cozying up to drug dealers in the past, but it is well known to welcome laundered drug funds from former heroin traffickers. If it fails to deal with Khun Sa as the narco-terrorist he is, the main loser will be SLORC. It is time for Burma's leaders to consider seriously the Khun Sa case. Drug production in Burma will not decline despite the junta's recent success in gaining greater control over Khun Sa's group many observers predicted.

Despite warlord Khun Sa's "retirement" from leading Shan ethnic fighters, factions of his MTA and some ethnic Kokang and Wa remained largely independent of government control. Burma has been producing greater amounts of amphetamines each year, rather than just heroin.

The drug problem has not gone away. The drugs are cheap to produce in Burma and they have markets demanding their products. The failure of the SLORC to bring Khun Sa to justice quickly raises the serious question of SLORC's sincerity and commitment to eradicating the country's drug problem.

Brunei, Malaysia & Singapore

Malaysia

Malaysia: Efforts for EAEC Formation Continue

96SE0010B Kuala Lumpur BERITA HARIAN in Malay 13 Dec 95 p 4

[FBIS Translated Text] Bangkok, 12 Dec—A joint meeting of ASEAN foreign and economic ministers has agreed that efforts toward formation of the East Asia Economic Caucus (EAEC) should continue until it becomes a reality.

The proposal is contained in a 12-page draft of the 1995 Bangkok Declaration, which is to be submitted to the meeting of ASEAN heads of state, scheduled to begin this Thursday [14 December].

In a meeting in Brunei in July and September, ASEAN ministers agreed to be committed to the formation of the EAEC.

Today's agreement shows that the EAEC, proposed by Datuk Seri Dr. Mahathir Mohamad in December 1990, has moved one more step toward realization.

In the one-hour meeting, all the ASEAN ministers agreed to approve the entire draft declaration, which was prepared at the ASEAN senior official level and includes a nuclear agreement.

Minister of International Trade and Industry (MITI) Datuk Seri Rafidah Aziz said, "We recommended that these efforts for the EAEC be mentioned in the declaration, and it will be submitted to the meeting ASEAN heads of state."

She said this to Malaysian reporters after attending today's meeting.

In an earlier press conference, Rafidah said that Malaysia will ensure that the concept for realizing EAEC is included in the 1995 Bangkok Declaration this Friday [15 December].

"I am confident that the prime ministers will raise the matter in the summit meeting," she said today after making a policy speech at the ASEAN Free Trade Area (AFTA) Convention here.

She said Malaysia wants this matter in the declaration because it is consistent with the agreement reached in the meeting of ASEAN economic ministers in Brunei in September.

"At our meeting in Brunei, we agreed to submit the idea so that the EAEC will be brought to realization," she said.

Rafidah said that EAEC can begin to be formed at various levels, including the level of officials.

"It does not need to begin at the minister level alone," she said. She arrived here late last night to attend the joint meeting, which began today.

In her speech, she recommended that ASEAN businessmen begin cooperation in East Asia as part of the effort to bring the concept to realization.

"I challenge you all to hold a trade convention at the East Asia level next year," she said.

Rafidah said that ASEAN's determination to create the EAEC has never faded.

"The Japan factor has made it appear that the effort would fade.

"Actually, ASEAN has never abandoned the effort. We simply did not want to pour oil on the fire. We know that Japan has problems with it, but that does not kill the commitment by ASEAN countries," she said.

Rafidah said the EAEC can be created without Japan, but that action would give the countries involved a bad image.

"Japan's actions give the impression that it does not want to be included in the East Asia region

"People will ask, if Japan is in East Asia, why does it not join the EAEC? Australia and New Zealand want to admit that they are part of Asia, but Japan appears to want to leave East Asia. It naturally looks strange," she said.

Rafidah said that the EAEC needs to be promoted constantly, although it does not have the blessing of the United States.

"Why do we want to ask the blessing of other people to do something we know will benefit us and does not involve their interests?

"When they wanted to make the North American Free Trade Agreement (NAFTA), they never consulted with us," she said.

The idea for forming the EAEC, which was proposed by Dr. Mahathir, has received a variety of reactions.

Malaysia: 1994-95 Exports to India Increase by 95.4 Percent

BK1302112396 Kuala Lumpur Voice of Malaysia in English 0800 GMT 13 Feb 96

[FBIS Transcribed Text] Malaysia's exports to India showed a 95.4 percent increase to 1.23 billion ringgit in 1994-95, resulting in a trade surplus of 510 million ringgit.

According to trade figures available with the director general of commercial intelligence and statistics of the Ministry of Commerce, Malaysia's imports from India showed only a 13 percent increase in 1994-95 to 720 million ringgit from 574 million ringgit.

There is a possibility of substantial expansion of trade and investment between the two countries, particularly in areas of complementary and comparative advantage.

As Malaysia is a key player in ASEAN and APEC [Asia-Pacific Economic Cooperation], India should follow a multi-pronged strategy which will help it to create a worldwide perception regarding its emergence as a major market and developing close trade and investment relations with Malaysia.

Malaysia: Anwar Ibrahim on UMNO Youth Leadership

96SE0011B Kuala Lumpur UTUSAN MALAYSIA in Malay 13 Dec 95 p 2

[FBIS Translated Text] Kuala Lumpur, 12 Dec—Datuk Seri Anwar Ibrahim said that the proposal of Datuk Nazri Tan Sri Aziz, acting president of the UMNO [United Malays National Organization] Youth Movement, to hand the leadership of the movement back to Tan Sri Rahim Tamby Chik needs to be studied from the aspect of the party's constitution.

The deputy president of UMNO said the matter must first be referred to Prime Minister Datuk Seri Dr. Mahathir Mohamed, who is also president of UMNO, before being submitted to the Supreme Council (MT) for a decision.

Nevertheless, he said, since this a Youth Movement matter, let the movement present its views first, and the movement's Executive Council may ask that the matter be considered at the MT level.

"I must examine the matter from the aspect of the UMNO constitution, because implications for the constitution must be taken into consideration.

"We must also study the wishes of the Youth Movement and learn their views," he told reporters after inaugurating the National Cultural Regional Seminar today.

The deputy prime minister was asked to comment on Nazri's statement last night that he was prepared to hand the position of UMNO Youth president back to Rahim, since all the problems faced by the chief minister of Melaka have been resolved.

The position of president of the UMNO Youth Movement has been held by Nazri since October of last year when Rahim was faced with charges of corruption and involvement with an underage girl.

Last month, Attorney General Datuk Mohtar Abdullah dropped charges in the two cases of corruption against Rahim.

Nazri, who is also a deputy minister in the Prime Minister's Department, said Rahim had been informed of his decision and that the matter will be discussed in a meeting of the UMNO Youth Movement Executive Council next month.

Anwar said that he had not yet examined Nazri's statement and that the acting UMNO Youth president had not officially stated his intention to him.

As to the question of whether Nazri's action is according to the guiding principles of Nazri's life, Anwar said, "I must examine the matter first. I do not know what those principles are, and I must study the matter first."

Malaysia: Derivatives Trading Initiated

96SE0011C Kuala Lumpur UTUSAN MALAYSIA in Malay 15 Dec 95 p 14

[FBIS Translated Text] Kuala Lumpur, 14 Dec (BERNAMA)—Trading in stock index futures, which will appear for the first time this Friday [15 December] on the Kuala Lumpur Options and Financial Futures Exchange (KLOFFE), will open the derivatives market in Malaysia.

The exchange will offer derivative instruments in the form of stock options and stock index futures to domestic and international investors and to portfolio managers for management of their equity risks.

"KLOFFE will open a way previously unavailable in Malaysia for portfolio managers, who have been awaiting with great interest the introduction of a financial instrument such as this," said the official of a company with a seat on the exchange.

Market participants are impatiently awaiting the commencement of derivatives trading. Their interest in such an exchange is great, and any delay in the beginning of trading will reduce their confidence.

Deputy Minister of Finance Datuk Dr. Affifuddin Omar said in Parliament yesterday that KLOFFE will begin trading on 15 December and will have 15 members approved by the ministry.

Another official said the brokers held market simulation training in November to gain expertise in financial derivatives trading.

Talks

He said trading in financial derivatives will enable brokers, traders, and other users to have flexibility in the choice of trade instruments for the sake of risk management and cost reduction.

"There are critical issues in the development of the Malaysian capital market," the source said. He added that most companies are now talking with foreign financial centers for the purpose of attracting them to KLOFFE.

He said, however, that KLOFFE will expand slowly, with daily returns of about 1,500 contracts and with interest in the opening of between 10,000 and 12,000 contracts daily.

"These are good indicators for the market," he said. Large increases in trade at the beginning would have a bad effect later.

Another source said that because the products are new, trading is expected to be slow and cautious for the first several months.

It will be at least six months before the industry fully understands such trading.

"Malaysia is the third largest derivatives market in the region, after Hong Kong and Singapore. There is a need to educate and train market users in this type of trading."

KLOFFE was formed in 1993, and its stockholders are New Straits Times Press Bhd., Rashid Hussain Bhd., Renong Bhd., and Zalik Bhd. It was established in accordance with the Futures Market Industry Act of 1993.

Cambodia

Cambodia: Cointerior Ministers Meet With Foreign Envoys

BK0902132396 Phnom Penh National Radio of Cambodia Network in Cambodian 0500 GMT 9 Feb 96

[FBIS Translated Text] His Excellency [H.E.] Sar Kheng, deputy prime minister and cointerior minister, and H.E. Yu Hokkri, cointerior minister, met with their excellencies the U.S., French, German, British, Australian, and Canadian ambassadors and charge d'affaires at the Interior Ministry on the morning of 8 February. Long impressed with the Kingdom of Cambodia, the international community has paid great attention to the kingdom, which has been striving to gradually reach a state of prosperity under a pluralistic liberal democratic regime. The international community has also pledged to assist the Cambodian kingdom in making further headway.

The meeting also focussed on the 1997 nationwide local headman elections as well as the 1998 general elections to pick the second- legislature MP's.

In view of the international community's readiness to assist the Cambodian kingdom, their excellencies the cointerior ministers proposed that the community provide cash and material assistance for the voter registration process and for the technical electoral teams.

In sum, Cambodia itself will organize and be responsible for the 1997 local headman elections and the 1998 general elections with some assistance from the international community. Of importance in this connection is that the principle of pluralism, justice, and respect for human rights should be strictly observed.

Cambodia: Sar Kheng on Illegality of Rangsi-led KNP

BK1002132696 Phnom Penh REAKSMEI KAMPUCHEA in Cambodian 10 Feb 96 p 2

[Report by Dararit]

[FBIS Translated Excerpt] Sar Kheng, deputy prime minister and cointerior minister, talked about Sam Rangsi's inflexibility, saying that the latter has now changed his stance by allying himself with three legal political parties — the Khmer Neutral Party, the Khmer Republican Party, and the party led by Samrit Ret. This is with the aim of becoming the leader of the three parties when they are affiliated. After that, Sam Rangsi will change his policy and make himself chairman of a legal political party. The deputy prime minister said this at the Phnom Penh city hall on 7 February.

Sar Kheng added that Sam Rangsi knows clearly that what he has done is illegal but he continues to refuse to accept this. However, he has now changed his position under the aegis of three parties which are legal and which participated in the 1993 elections with 17 other parties. Among the 20 parties, only four have managed to obtain seats in the National Assembly and the Royal Government [RG].

The deputy prime minister asked: Why has the Interior Ministry refused to recognize the Khmer Nation Party [KNP]? Because the KNP has not correctly fulfilled all the legal requirements. Frankly, according to the UNTAC [UN Transitional Authority in Cambodia] electoral law, he added, the KNP has failed to meet many requirements. Moreover, the Interior Ministry asked the KNP which has refused to refrain from using 9 November as its date of formation. It also refused to heed the ministry's request to remove the bust of King Jayavarman VII from its logo.

Sar Kheng stressed: Although we are not forcing Sam Rangsi to submit to the RG politically, he should submit to it administratively. He cannot do whatever he wants. Sam Rangsi should clearly understand that concerning the political program, political views, and freedom of expression, he does not need to submit to the RG. Nonetheless, with regard to whatever concerns the administration and local authorities, he must submit to the RG.

The deputy prime minister said Sam Rangsi has never listened to or obeyed the Interior Ministry except for the king. So, in future, Sar Kheng added, no low-level competent authority but the king can solve big problems. This creates difficulties for us in enforcing the law.

Sar Kheng also criticized Sam Rangsi for defaming the RG abroad, alleging that it has dictatorially refused to recognize his party. [passage omitted]

The deputy prime minister also said that now, with Sam Rangsi's slander, it is said that there is no democracy in Cambodia and that opposition parties have not been allowed and the KNP has been denied recognition. Anyway, should Sam Rangsi agree to fulfill the two conditions proposed by the king, the RG might have already recognized his party. However, he has even rejected the royal proposals. All in all, what he can do now is to remain under the aegis of a legal political party in order to turn his party into a legal one. [passage omitted]

Cambodia: Parties 'Close' to Deal on Power Sharing

BK1302055396 Phnom Penh PHNOM PENH POST in English 9-22 Feb 96 p 7

[Report by Jason Barber]

[FBIS Transcribed Text] FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] and the Cambodian People's Party (CPP) are close to finalizing a deal to share power in local districts, with the Buddhist Liberal Democratic Party (BLDP) likely to be excluded.

The first step in the deal — giving FUNCINPEC and CPP an equal number of district chiefs and vice-chiefs — may be done next month.

BLDP will apparently not be given any district positions unless FUNCINPEC agrees to sacrifice some of its own to the smaller party.

The deal — which will break the CPP officials' monopoly on districts throughout Cambodia — was agreed in principle by FUNCINPEC and CPP last year. It has been pursued, despite speculation that it would be abandoned following the exile of FUNCINPEC's Prince Norodom Sirivut, a key player in securing the agreement.

FUNCINPEC will be allowed to appoint the chiefs of half of Cambodia's 170 districts, and CPP will keep the others. Those districts which have FUNCINPEC chiefs will have CPP vice-chiefs, and vice-versa.

Co-Ministers of Interior Sar Kheng (CPP) and Yu Hokkri (FUNCINPEC) have been in charge of negotiating the arrangements.

Hokkri said this week that FUNCINPEC had virtually finished drawing up its list of nominees for district positions, as had CPP.

"I was told that the CPP list has been prepared for a long time. They were just waiting for FUNCINPEC."

He said the new district chief and vice-chiefs could be appointed by government sub-decree next month, after FUNCINPEC leader Prince Norodom Ranariddh returned from an overseas trip.

Hokkri said BLDP, which holds 10 seats in the National Assembly, would probably not get any district positions.

"We don't know who to give them to," he said, referring to last May's splitting of BLDP into rival factions headed by Ieng Muli and Son Sann.

But Hokkri suggested some arrangement for BLDP could be possible later.

Sar Kheng was unavailable for comment but Prum Sokha, the Interior Ministry's Director General of Administration, said CPP did not want to give up any of its positions to BLDP.

Sokha said CPP had "many, many" district positions and giving up half of them to FUNCINPEC was "not normal", so it did not want to lose more to BLDP.

"So they (CPP) have asked the FUNCINPEC people to accept BLDP representatives .

"In my opinion, this is the Cambodian way," said Sokha, who is a CPP member but stressed he was speaking as an Interior Ministry official, not a party member.

Sieng Lapresse, secretary-general of the Ieng Muli side of BLDP, disputed Hokkri's comments about the division within BLDP.

"Both Prime Ministers have recognized Ieng Muli, even the King has recognized Ieng Muli, as leader of BLDP.

"We should have some (district positions) according to national reconciliation and national unity," he said, adding that the Paris peace agreement called for a sharing of power between parties elected to the National Assembly.

Lapresse said Muli had been trying to arrange meetings with both Prime Ministers to discuss the issue.

Asked whether a final deal might be made soon by FUNCINPEC and CPP without BLDP's involvement, he said: "Time is not a factor. The understanding that the Paris peace agreement is to be respected legally, that is the factor."

Representatives of Son Sann's BLDP could not be contacted for comment but they too are likely to want a slice of any deal.

Sokha said FUNCINPEC and CPP's nominated district chiefs and vice-chiefs could be approved by next month, if both parties agreed.

It would take longer to resolve the positions of deputy chiefs, which some districts have as many as four of, he said.

Some deputy chiefs were "not happy" at the possibility of losing their jobs, and it could take a "long time" to extend the power- sharing agreement to include their positions.

CPP had proposed keeping the existing deputies until a decision on their restructuring was made, and to confirm the appointments of chiefs and vice-chiefs in the meantime.

Loy Simchheang, the new FUNCINPEC Secretary-General who replaced the exiled Sirivut, said FUNCINPEC and CPP had to enter the deal "carefully and slowly to be sure that we don't hurt each other."

FUNCINPEC nominees for district positions had been approved by a party committee, he said. The only unresolved cases were several where nominees had been convicted or imprisoned under the former State of Cambodia regime.

FUNCINPEC believed such people should not be barred from holding district positions if their convictions related to their involvement with the anti-Vietnamese resistance movement in the 1980s.

But Chheang acknowledged that CPP might object to such nominees, and said FUNCINPEC might be willing to replace some candidates if necessary.

Most district officials, who rank between provincial authorities and commune chiefs, were appointed by CPP's predecessor under the State of Cambodia. Provincial governors were appointed by arrangement between FUNCINPEC and CPP after the 1993 UN elections, and commune chiefs are due to be the subject of local elections next year.

Cambodia: Lack of Census Data's Impact on Elections Viewed

BK1302055796 Phnom Penh PHNOM PENH POST in English 9-22 Feb 96 pp 7, 12

[Report by Christine Chaumeau]

[FBIS Transcribed Text] Cambodia will hold two elections in the next three years without the benefit of census data that would help them determine how many people are eligible to vote.

Communal elections are planned for 1997 and the general election for 1998. Also planned for 1998 is the first complete census in 34 years. But the data from the census will not be analyzed in time for elections officials to use, experts say.

The authorities involved in the preparation of the vote do not seem to be too worried about it. But some human rights workers worry that the lack of precise information might be used as an excuse to postpone the elections.

"What I fear is that the government might use the lack of data from the census as an excuse to delay the elections," explains Dr Lao Mong-hay, executive manager of the Khmer Institute of Democracy.

"Such (an excuse) could be put forward by politicians who would like to hang on to power as long as possible and there are some who do not seem to be in favor of holding the elections as scheduled."

That is speculation, he adds. "But, if I were in their shoes, I would say: Why not delay until we have a proper census?"

"That would be a very bad excuse," says Sang Rivannak, under secretary of state of planning. "Other reasons can be used, such as security or Khmer Rouge, but not this one."

The government cannot wait for the results of the census to set up the elections, as the Constitution requires elections within five years.

"We need the data... but we are not able to wait for them" says Ok Sereisopheak, an adviser of Co-Interior Minister Sar Kheng. "The electoral roll is more simple than the census as we just need to know who are the (citizens) and who are the age to vote."

According to Article 34 of the Constitution the voting right is guaranteed to "all citizens of at least 18 years old."

To set up the electoral roll properly, Interior officials would need precise data about the numbers of such citizens. The census will provide only the numbers of those old enough, according to Dr Vincent Fauveau, of the UN Population Fund, which is helping Cambodian officials prepare for the census.

For that reason, he says, the census operations are completely independent because the data coming from the census does not achieve the electoral goal.

The Ministry is not even able to use the electoral roll established in 1993, for the first election supervised by UNTAC [UN Transitional Authority in Cambodia].

For that election, the experts used estimations of population and 4.7 million people were registered. But this roll has never been updated and the National Assembly has yet to pass the Nationality Law that would define citizenship.

So the new election department of the Interior Ministry must base its voter registration figures on speculation, says Jean Fuexer, adviser to the two Interior Ministers.

"We are going to hold a kind of pre-census which will be the base of the electoral roll," he says.

According to Fuexer, registration will be held on a voluntary basis for all the population at a communal level. From this list of people it will be possible to register those who will be 18 years old on a date fixed by the electoral law, which still has to be drafted.

"Not to have the data from the census will prevent us from evaluating how many people have to be registered," Fuexer adds. "It would have been easier to preview the technical staff and the means needed.

"But it would be unacceptable that citizens could not vote because of technical questions. So we have to overlook the numbers of voters."

Preparations for the census have been going on since 1994, when the first UNFPA [UN Fund for Population Activities] expert arrived to help set up the census. That was two years after the government asked help from UN for counting the population.

"When we arrived in 1994, we looked to the human resources available and to the possibilities to move around and collect the data from all around the country," says Fauveau.

"From observations we concluded that it was impossible to handle a serious census before 1998."

For now, election preparations are on schedule, Fuexer says. But the government must make decisions in the next six months if it wants to hold the elections at the end of 1997.

The biggest unanswered questions, he says, concern citizenship — who will be eligible to vote.

"Before the single first person is registered in the first list, the nationality law must be applicable," Fuexer says.

Cambodia: Paper Reports Shooting of Radio Commentator

BK1002144796 Phnom Penh REAKSMEI KAMPUCHEA in Cambodian 10 Feb 96 pp 1, 5

[Report by Vichet]

[FBIS Translated Text] Ek Mongkol, a FM 90 radio commentator, was critically wounded after he being shot by unidentified gunmen in Street 19, at the eastern entrance of the Chaktomuk junior high school in Don Penh ward, Chey Chumneah suburb, at 1125 on 8 February.

Eyewitnesses said before he was shot, Ek Mongkol was riding southward on his dark blue TWISTAN CM 200T motorbike along Street 19. When he arrived behind the Chaktomuk junior high school, two men on a red JR or AKIRA motorbike were seen following him. Immediately before overtaking Ek Mongkol, the perpetrators fired many shots at him. Eyewitnesses added that the motorcycle rider was dressed in plain clothes while the pillion was in military fatigues. They sped southward along Street 19 after the shooting.

Yet Razak, first deputy of Phnom Penh Municipal Police, said, the police is still unable to identify the killers and that there were different reports about their vehicle. The deputy police chief added that the police would check Ek Mongkol's program to see if there was any connection with the shooting.

Competent authorities sent a severely wounded Ek Mongkol, who was and shot twice in the chest and once in the neck, to Calmet Hospital immediately. A group of doctors there tried to save his life. Ek Mongkol was still alive this afternoon (8 February), but doctors said hopes was very slim.

San Sisovan, deputy chief of Phnom Penh Municipal Police's criminal section, disclosed that Ek Mongkol would be sent to Thailand for treatment on the afternoon of 8 February.

A criminal police officer said five K59 pistol shells were found at the scene and that Ek Mongkol's Motorola handphone was not taken away. The police believe it is premeditated murder.

Ek Mongkol, 43, is a popular FM 90 Radio commentator. He used to work for the UNTAC [UN Transitional Authority in Cambodia] FM Radio. He is known for his radio commentaries and song request programs.

Cambodia: Khmer Rouge Claims 25 Government Tanks Destroyed

BK1102115496 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 10 Feb 96

[FBIS Translated Text] Results of the destruction of tanks of the two-headed government on the Route 10, Route 5-Poipet, and west Battambang battlefields from 15 January to 9 February 1996: we destroyed 25 T-55 and T-54 tanks and seized one tank.

I. Route 10 battlefield: From 20 January to 6 February we hit eight T-55 and T-54 enemy tanks: six were completely put out of use and two were seriously damaged.

On 7 February we hit another three tanks west of Treng; the tanks hit our mines and were seriously damaged. On 8 February we hit two more tanks between Phnum Chhat and Phnum Sandek and we seized one tank intact. On the same day, on the front north of Route 10 in the area of Phnum (Neang Nuon), we destroyed another enemy tank.

In sum, we hit 14 tanks of the two-headed government on the Route 10 battlefield, including eight that were completely destroyed on the spot and one seized intact. Apart from this we hit and burned four trucks carrying troops, a command vehicle near Treng, a multiple rocket battery, two tractors, a B-6, and a water tank truck.

II. Sisophon-Poipet and west Battambang battlefields: From 15 January to 9 February our national army hit 11 tanks of the two- headed government, including six that were completely put out of use.

1. We hit two enemy tanks on the Yeay At front; one was put out of use.

2. We hit and put out of order two tanks at Tumnup Sam Sep Pram Chramoh Chruk.

3. We hit three tanks at Tumnup Mean Leak south of Ampil Pram Daeum; one was completely put out of order and two seriously damaged.

4. On 9 February we completely destroyed two more tanks of the two-headed government near Mak Hoeun village.

In sum, on the three battlefields — Route 10, Sisophon-Poipet, and west Battambang — from 15 January to 9 February our National Army destroyed 25 T-55 and T-54 tanks of the two-headed government: 15 were completely put out of use; 10 were seriously damaged; and one was seized.

Indonesia

Indonesia: U.S. 'Double Standards' in PRC, Pakistan Ties

BK1202132596 Jakarta KOMPAS in Indonesian 12 Feb 96

[Editorial: "Reality of Contemporary International Relations: the U.S.-PRC Case" — received via Internet]

[FBIS Translated Text] Strained United States-PRC ties have long been the subject of expert analyses in international newspapers or the mass media. This time, we would like to underscore the case by citing two latest examples — the PRC policies toward Taiwan and Pakistan respectively and the PRC nuclear weapons policy.

The above issues will apparently continue to overshadow ties between the two big powers and will more or less and directly or indirectly affect the context and dynamics of Asia-Pacific security.

Regarding PRC-Taiwan relations, the U.S. which has allowed the Taiwanese leader to come for a visit and sold it sophisticated weaponry, must reconcile with the fact that China is angry with U.S. policy, which Beijing considers ambiguous. On the one hand, the U.S. adopts a one-China policy, but on the other, it supports Taiwanese aspirations for democracy or independence.

Whether that amounts to an American attempt to pressure the PRC to meet its frequently heard demands — to show greater respect for human rights or to become more democratic — and promote Taiwan's independence remains to be seen.

The PRC's massive military exercise in a territory closest to Taiwan will perhaps reveal what the United States has in mind. The extent of the American commitment to regional stability will be visible in the next few days.

The U.S. Government has to face business circles at home due to the PRC policy of selling sensitive components to enable Pakistan to develop nuclear weapons. If the U.S. is too tough on China, the interests of companies such as Boeing or Westinghouse will be threatened in the long run.

Regarding Pakistan's nuclear program, U.S. companies have exerted strong pressure on the government. President Bill Clinton will apparently have to compromise. In other words, the U.S. will not impose any sanctions on the sale of the special magnets used to enrich uranium, the basic ingredient of nuclear weapons.

Ironically, there are U.S. laws designed to prevent nuclear proliferation. Under the laws, the U.S. president is required to sever funding by the Export-Import Bank of business agreements signed by U.S. companies and may even take drastic trade measures against the PRC.

As the United States is unlikely to adopt a hard stance on PRC's sale of nuclear technology to Pakistan, we feel that it has to recognize the reality of contemporary international ties in which no one party can adopt a selfish stance — it will sell but not buy something or give preference to political interests over its economic and trade policy.

The existence of Chinese nuclear weapons is a more interesting case. In Geneva on Thursday last week, China retaliated against criticisms by Stephen Ledogar, U.S. disarmament envoy, who said the PRC is the only nuclear power conducting nuclear tests and building up its nuclear arsenal.

"It is not appropriate for a country which has the largest and most sophisticated nuclear arsenal to give Beijing a lesson, "Chinese envoy Sha Zukang [name as received] said. He added the United States will remain as the owner of the largest and most sophisticated nuclear arsenal even after further cutbacks in the number of strategic nuclear warheads under the Strategic Arms Reduction Talks II by 2003. Zukang courageously said: "Clearly, we cannot follow such a logic."

We believe that the above illustration has clearly portrayed the current developments of international relations, with U.S.-PRC ties serving as an example.

As a superpower, the United States undeniably continues to play a dominant role in various international issues, as if its blessings were needed for anything. However, the U.S. must admit that it is currently not as influential due to new global developments.

First, other countries have greater self-confidence now thanks to the success of their development programs. Those countries have become more independent.

Second, the U.S. cannot ignore the interests of domestic industries which badly need export markets due to domestic constraints. In turn, their loud voice is needed by politicians who want win elections.

Third, the U.S. has frequently adopted double standards on many issues, which have in turn made it less credible. Barring others from possessing nuclear weapons, while it owns the largest arsenal, and being tough with Iraq and other countries which have aspirations to become nuclear powers but lenient toward Israel which has a nuclear program, are among the examples.

Logically, a multipolar world where the United States is not recognized as the sole global leader is being felt more strongly. In a world where countries have become more assertive, arrangements have in fact become more difficult and there have been international disputes over various issues, not merely over sovereignty, as in the past.

Indonesia: Alatas, French Foreign Minister Discuss ASEM

BK1302061096 Jakarta KOMPAS in Indonesian 13 Feb 96

[Unattributed report — received via Internet]

[FBIS Translated Text] French Foreign Minister Herve de Charette has said his government will try as much as possible to prevent discussion of the East Timor issue at the Asia-Europe Meeting [ASEM] in Bangkok on 1-2 March.

We will discuss issues that will strengthen Asian-European relations and will try as much as possible to avoid issues that "could cause difficulties," De Charette told KOMPAS in Jakarta on Monday afternoon (12 February).

Foreign Minister Ali Alatas said after meeting with De Charette that France would not raise the East Timor issue at the ASEM. "Indeed, the East Timor issue was explicitly mentioned during my talks (with Foreign Minister De Charette) prior to the plenary meeting (between the two delegations). In this case, I can say that France's stance is very positive," Alatas said after the talks at the Department of Foreign Affairs at Pejambon, which lasted about two and a half hours.

Alatas added that the two delegations said during their meeting simply that the two sides should avoid irrelevant or controversial issues. "France agreed," Alatas said.

France is one of the 15 European Union members attending the summit. The other 14 countries representing Europe at the first summit are Austria, Belgium, Denmark, Finland, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain, Sweden, and Britain.

Asia will be represented by 10 countries, seven of which are ASEAN members (Malaysia, Indonesia, Singapore, Thailand, Brunei, the Philippines, and Vietnam). The other three are the East Asian countries of China, Japan, and South Korea.

It has been widely reported that the Portuguese leader is expected to include East Timor on the ASEM agenda. The Portuguese leader is scheduled to issue a statement on the situation in East Timor during the summit.

De Charette said the ASEM will be an historic meeting. "Asia is undergoing spectacular economic growth and will play an important role in the future. This represents a positive trend in jointly preparing forms of future relations based on the principles of equality, mutual respect, and justice," he said.

He said the French Government has a strong and optimistic vision of the summit, which will definitely be followed by more summits. "We have decided to make the summit a great success," he added.

According to De Charette, his visit to Indonesia is related to a change in French foreign policy toward Asia. Meanwhile, Alatas saw the need for active political dialogue at the levels of foreign ministers and senior officials despite the absence of bilateral problems.

On Tuesday, De Charette is scheduled to meet French ambassadors accredited to Asian countries. In the afternoon, he will hold a news conference moments before ending his visit to Jakarta.

Indonesia: General Nasution on Coping With Foreign Debt

96SE0004B Jakarta WARTA EKONOMI in Indonesian 30 Oct 95 p 17

[FBIS Translated Text] "Debtor countries" is an appropriate title for Indonesia and other developing countries fighting to stabilize their economies. Fortunately, Indonesia's debt is still under control. Moreover, that debt is used for development.

President Suharto pointed this out recently, saying that Indonesia's foreign debt totals $60 billion. That debt is to be paid by, among other things, the sale of assets of state-owned businesses (BUMN's).

BUMN assets are worth 286 trillion rupiah (about $155 billion). The president has said on several occasions that the government debt can be paid by selling just a few BUMN assets.

"Is it as simple as that?" asked Faisal H. Basri, chairman of the Department of Economics and Development Studies at the Economics Faculty of the University of Indonesia. The problem, said Faisal, is that there is a lack of clarity in viewing this matter, because not all BUMN assets would sell. "The value of the assets includes an indebtedness of 71 percent. Thus, the net value of the assets is only 29 percent of $155 billion, or about $45 billion," Faisal said last week in a seminar on the theme "Analysis of 1995 Business Statistics from Jakarta."

Moreover, not all of the $45 billion in assets can be sold, because they are not liquid. "Ideological considerations also mean that not all BUMN assets can be sold, since they have strategic functions," he added.

Foreign loans, both soft and otherwise, have been on the rise. In fact, it was recently noted that indebtedness is approaching the psychologically significant figure of $100 billion. Apparently, this is what prompted Japan as the biggest donor country to review its loans to Indonesia.

Actually, this is not surprising. Indonesia has been receiving soft loans from the Land of the Rising Sun since 1960. Now, Indonesia has become a medium-revenue country. BAPPENAS [National Development Planning Board] Chairman Ginandjar Kartasasmita said recently that the consequence of this is that Indonesia naturally is no longer qualified to receive aid under soft provisions. Besides selling BUMN assets, efforts must also be made to balance expenditures and revenues in the APBN [National Budget].

This is also what is disturbing General, retired, A.H. Nasution. The former speaker of the MPRS [Provisional People's Consultative Council] said, "Our foreign debt is a burden to the people. In 1990, our debt was 16 times what it was under the Old Order." Besides, he said, greediness and the pursuit of material things have produced a search for wealth, misuse of power, corruption, and 'leaks' in state funds." He made this statement last week at the release of his new book, *Moral Development, The Heart of National Development.*

As a developing country, Indonesia clearly still needs loans. "We are not opposed to foreign loans," Faisal emphasized. What needs to be asked, he continued, is why alternative foreign funding to cover the investment-savings imbalance, the APBN deficit, and the current account deficit depends so much on foreign loans.

As of September 1994, the BKPM [Capital Investment Coordination Board] had issued PMA [foreign capital investment] licenses for 546 projects, with a total investment of 64 trillion rupiah. "Unfortunately, PMA realization from 1967 until 15 March 1995 was only $31.838 million for 1,797 projects," said Pande Radja Silalahi.

According to the researcher from the CSIS [Center for Strategic and International Studies], the level of PMA realization is still relatively low, although the rise in investment approvals since 1994 has been spectacular. "Experience has shown that increases in capital investment approvals are not necessarily followed by realization in a short time or in the same amounts," Silalahi added.

Indonesia: Ali Wardhana Urges Higher Bank Reserve Requirement

96SE0004C Jakarta WARTA EKONOMI in Indonesian 6 Nov 95 p 75

[FBIS Translated Text] The mentor's recommendation has been heard, but will it be implemented? This is an appropriate question for BI [Bank of Indonesia] Governor Soedradjad Djiwandono. His mentor, Ali Wardhana, who is now an economic adviser to the government, recommended that the BI not depend on SBI's [Bank of Indonesia certificates] and SBPU's [money market certificates] alone to control the amount of money in circulation. In a speech at a seminar on Wednesday two weeks ago [25 October], Ali said he hoped the BI would try various available monetary mechanisms, including changing the bank reserve requirement, which is now set at 2 percent of callable obligations.

Soedradjad, who once was assistant to the coordinating minister for economics, finance, industry, and development control when Ali was the minister (1984-1988) has not yet taken a position. "If the present monetary mechanisms are indeed not enough, we will add others. It is clear, however, that we will constantly sharpen the existing mechanisms," he said on Thursday of last week [2 November] after opening a seminar.

Thus, it appears not entirely true that the BI is depending solely on conventional mechanisms. Of course, it is hard to deny that public operations for sale of SBI's are dominant. Nevertheless, the BI also controls monetary stability through nonmarket mechanisms. Soedradjad calls them "moral suasion." "I constantly stress that the monetary mechanisms we use are increasingly indirect. Therefore, they must be 'market friendly,' that is, they must be acceptable to participants. If they are not acceptable, we explain them. This is 'moral suasion,'" said Soedradjad, who appeared to be defending the organization he heads.

Unfortunately, "moral suasion" has been often ignored, since it consists only of appeals. It is for that reason that the BI has recently been formulating it in ways that are more binding. One of the ways, in use since last January, is the requirement that banks submit their annual credit plans to the BI. "Even that is a part of 'moral suasion,'" Soedradjad said.

Soedradjad indeed admits that monetary management is increasingly difficult. He agrees with Ali that from one aspect the inflow of global capital is needed, but from another aspect there is an expansive impact on the amount of money in circulation. This is consistent with Ali's statement that the inflow of global funds will prompt monetary authorities to sell rupiah to neutralize the exchange rate. However, this would also tend to increase the amount of money in circulation, which heats up the economy.

In fact, Ali Wardhana commended the BI for the effectiveness of its sales of SBI's in neutralizing the expansive impact. Ali also recommended, however, that the BI use other monetary mechanisms, such as the bank reserve requirement, now set at 2 percent.

Ali Wardhana's recommendation has received a variety of reactions. Although some people do not yet see the need for additional monetary mechanisms, many agree, including Bank Servitia Commissioner Rijanto. He said a reserve requirement of 2 percent is too small, because institutions at the international level consider Indonesian banking too risky.

This then means that funds coming in tend more to be short-term and speculative investments. Consequently, banks also do not dare to lower their interest rates, because they worry that the funds will promptly flee. "That keeps interest rates high, although banks appear to have excessive liquidity," Rijanto said.

Clearly, the ideal thing would be to use both mechanisms. Abi Chabsin, president-director of Bank Dana Asia, said that if, in addition to current public BI operations, the reserve requirement were raised, it would make the banking community more cautious. The change in the reserve requirement should not be done suddenly. "It would be best to give banks a grace period for compliance," Abi told WARTA EKONOMI.

As for the BI governor, he appears to remain convinced that the SBI-sale mechanism is enough. What is important to do, he said, is to "cleanse" this instrument from elements other than its function as a monetary mechanism. Recently, there have been indications that much global money coming into Indonesia is being invested in SBI's. That, in turn, could disturb monetary stability, for such money could move to other countries at any time. "For that reason, I have repeatedly warned foreign fund managers that SBI's are not investment instruments," Soedradjad said.

SBI TRANSACTIONS DURING THE LAST FIVE YEARS

YEARS	AMOUNTS (TRILLIONS OF RUPIAH)
1990/1991	9.415
1991/1992	11.239
1992/1993	23.006

YEARS	AMOUNTS (TRILLIONS OF RUPIAH)
1993/1994	19.772
1994/1995	11.183

Source: Indonesian Financial and Economic Statistics

The results can be seen. In 1993, for example, SBI's owned under nonresident status reached 3.8 trillion rupiah. Those are the SBI's with potential for being moved around and manipulated in speculative activities. Now, according to Soedradjad, SBI's still in that status total 30 billion rupiah. Also, SBI transactions have been declining during the last three years. (See table.)

Things are similar on a more macro scale. For example, market operations more than a year ago reduced the growth of money in circulation. Growth of the M1 (money in a narrow sense) declined to 17.4 percent in 1994/1995 from 25.7 percent in 1993/1994. Growth of the M2 declined from 22.2 percent in 1993/1994 to 21.5 percent in 1994/95. In the current year (1995), however, growth in the M2 is still high, reaching 27.1 percent as of August. As Soedradjad acknowledged, this continues to have the attention of monetary authorities, because increases in the coming months are expected to remain significant.

Indonesia: Imported Components Spur Cost of Electronics Exports

96SE0004A Jakarta WARTA EKONOMI in Indonesian 6 Nov 95 pp 29, 30

[FBIS Translated Text] Domestic electronics producers cannot deny the frank statement made by Minister of Industry Tunky Ariwibowo about the weakness of the national electronics industry.

The root of the problem, as Tunky pointed out, is that there has been no development of the domestic electronics support industry, which means the electronic component industry. As a result, the value-added of the electronics industry has not been optimal, since the value-added is absorbed by component imports. As an example, take the story of PT [Limited Company] Sony Electronics Indonesia. For this producer of Sony-brand electronics, which is headquartered at Cibitung, Bekasi, 65 percent of the components it needs must be brought from Malaysia, Singapore, and Japan. "The rest (35 percent) come from domestic sources," said T. Tezuka, president-director of the company, all of whose products are for export.

Other similar stories could be told at length. The conclusion is clear, however, namely that foreign-made components continue to dominate. According to Effendi Soedarsono, director general for metal, machine, and electronics industries (ILME) in the Department of Industry, the value of imported electronic components is still at a high level, occupying third place for imports after the metal and machine industries. Last year, for example, electronic component imports reached $1.5 billion (3.38 trillion rupiah). At the same time, exports of electronics products reached "only" $2.2 billion (4.95 trillion rupiah). That means imports contributed almost 70 percent of the total value of exports. By the end of this year, exports are projected to reach $2.5 billion. The import portion is reduced to only 60 percent, however.

How long will component imports undermine the value-added of the electronics industry?

Weakness in High-Tech Engineering

One of the obstacles to the development of the electronic component industry is the continued weakness of high-technology engineering capabilities. This is despite the fact that many of the products of the electronic component industry are based on high-tech engineering. For example, Semiconductors and television tubes, two of the hundreds of electronic components, cannot be produced under simple technology.

The weakness of these capabilities means that 60 electronic component companies are involved with components that do not use much high technology. These include electromechanical devices such as sound systems, connecting cables, cartons, cabinets, and a variety of parts made of rubber and plastic.

Such components are classified as simple technology, but, on the other hand, their value-added is also not great. In addition, import duties on raw materials for electronic components range from 5 to 25 percent. Similar rates are also imposed on other support materials. At the same time, however, imports of electronic components themselves are subject only to rates ranging from 0 to 5 percent. Clearly, this encourages investors to choose assembly instead of building component plants.

So far, efforts to have these rates reviewed have not been successful. For that reason, efforts to overcome the weakness in high-technology engineering have focused more on looking for partners, namely foreign companies already in place in that sector. Recently, for example, the Humpuss Group, through its subsidiary PT Humpuss Electronics, drew the NEC Corporation into building a 10-hectare semiconductor plant in Bekasi. Through that type of cooperation, there is not only capital investment, but development of technology transfer as well.

On a broader scale, the mastery of high-tech engineering can be speeded up through massive relocation of similar plants from industrialized countries, where, it should be noted, wages are no longer competitive. This could be done by promoting Indonesia in those countries.

It appears that the government has begun to sense this, too. For example, in November, Tunky and domestic electronics producers belonging to the Indonesian Association of Electronics and Home Appliance Manufacturers [GEI] are to visit Nagano (center for electronic component producers) in Japan to invite as many investors as possible to relocate their plants.

Attractive Climate for Business

Vigorous promotion is not enough, however. Relocation must be accompanied by a business climate attractive to those who invest in electronic component plants. So far, the climate for big investors appears to be adequate.

Lukman Hakim, chairman for the components acquisition sector under the GEI, said that with the May deregulation package of this year, a number of facilities have become quite attractive for relocation of big-investment electronic component plants. For example, EPTE/KB (entrepot for export products/special customs area) facilities, which afford exemption from some of the tariffs and provide for import duty relief on imported raw materials, have long been enjoyed by electronics companies.

What still seems to be lacking, according to Lukman, are incentives for small-capital electronic component plants, although there is quite a large number of plants to be relocated. Investors of this type are mostly those with small plants and even cottage industries. Therefore special treatment appears necessary to attract them.

"Preparation is needed in many aspects so that they will be attracted to come here," said Lukman, who in his daily work is commissioner of the Gobel National Group. One of the aspects is the issue of eventual plant location. Lukman said that small investors will clearly be unable to afford existing industrial complexes, but if they seek sites outside those complexes, they will be hindered by regulations that are unclear. "We fear that at some moment they would simply be evicted," he said.

In fact, the GEI long ago recommended that the government develop an industrial complex for the electronic component industry (LIKE). Areas in the complex could be bought or leased at low prices but they would have facilities no less attractive than those of the EPTE/KB. Unfortunately, however, the request was never acknowledged.

Philippines

Philippines Navy Fires On, Captures Suspected PRC Vessel

BK1102110096 Hong Kong AFP in English 1003 GMT 11 Feb 96

[FBIS Transcribed Text] MANILA, Feb 11 (AFP) — The Philippines navy captured a suspected Chinese pirate cargo vessel after a gunfight with three Philippine patrol boats, navy officials said Sunday.

Twenty men on the suspect vessel were detained and were being interrogated at the Philippine navy headquarters, where the rusty vessel, described by the navy as a Coastal Patrol Interdiction Craft (CPIC) was taken.

There have been several incidents in recent weeks, but this is the first time a rogue vessel has been intercepted.

The sea battle erupted Saturday, 20 miles (30 kilometers) west of Subic, a former U.S. naval base just north of Manila, Vice-Admiral Pio Carranza told reporters.

The vessel was already heading for the high seas when it was spotted by a navy patrol, PG 110, near Tabones and Los Frailes north of Subic, Captain Ernesto de Leon, captain of one of the intercepting naval vessels said in a briefing to President Fidel Ramos.

"When the (foreign) vessel attempted to ram PG 110 head-on, the PG-110 gave warning shots using M-16 rifle at a distance of about 700 yards (637 meters). Instead of stopping, the foreign vessel returned fire using an AK-47 assault rifle," de Leon said.

Officials said the cargo vessel had Chinese markings on the side of the boat, but had no flag. They also seized from the crew several seamen's books bearing the "red star" insignia, as well as identification cards that did not match the bearers and logbooks written in Chinese characters, the officials added.

However, two other patrol craft arrived and encircled the vessel, forcing it into Subic bay, de Leon said.

The crew of the rogue vessel then hoisted a Philippine flag with the flag's red color on top, indicating it was at war, Carranza said.

Some crew were seen throwing "items" overboard, the vice-admiral said although he could not identify what they were getting rid of.

Carranza said they would file charges of "illegal intrusion" against the crew.

Ramos commended the navy for capturing the vessel and ordered an investigation "so that we can make the appropriate action." Carranza said, the navy would turn over the case to the proper government agencies once it had verified the identities and origin of the vessel and its crew.

Three weeks ago, the navy reported an encounter with one of two vessels which had entered Philippiine waters off Capones island north of Subic on January 22.

This was followed three days later by another gunbattle between two navy boats and a smugglers' vessel with Chinese markings on the hull near the same area.

Last week, five foreign vessels with 200 Chinese-speaking men were held by authorities after landing in a coastal town in the northern Philippines.

"The fact is that during the last two or three years there has been an increase in the cases of illegal intrusion into our territorial waters," Carranza said.

Smuggling and piracy in the high seas has become rampant since the poorly-equipped navy have a difficult time patrolling the country's numerous islands and vast coastline.

Ramos has made a two-billion dollar military modernization program over the next five years one of his priorities.

Philippines Committee Formed To Ensure Congress Unhampered

BK1302143196 Manila THE MANILA CHRONICLE in English 9 Feb 96 pp 1, 8

[Report by Roderick de la Cruz, Rey Requejo, and Bella de Mesa]

[FBIS Transcribed Text] Senate President Neptali Gonzales and Speaker Jose de Venecia formed yesterday a special committee to see to it that the work of Congress is not derailed by squabbles rocking the Laban ng Demokratikong Pilipino (LDP) [Struggle of Filipino Democrats] party.

The committee, to be composed of three members from both chambers and another three from the Executive branch, will study how the task of the two chambers will go unhampered by the crisis within Laban [LDP], de Venecia said.

Laban has been wracked with dissent following an attempt by party president Sen. Edgardo Angara to end Laban's coalition with Lakas [Lakas ng Bansa — Power of the Nation]-NUCD [National Union of Christian Democrats].

Members of the House who will sit in the committee are de Venecia, Deputy Speaker Raul Daza, and House Majority Floor Leader Rodolfo Albano. The Senate will be represented by Gonzales, Majority Floor Leader Alberto Romulo and Assistant Majority Floor Leader Orlando Mercado.

The Palace will be represented by Executive Secretary Ruben Torres, Economic Planning Secretary Cielito Habito, and Finance Secretary Roberto de Ocampo.

De Venecia said the political tension within the LDP is affecting the work of Congress, and that the legislative body has yet to pass proposed amendments to the Expanded Value-Added Tax (EVAT) and the bill on oil deregulation.

The Speaker had promised before the start of the sessions that he would work for the passage of the two bills within three days.

On the political alignment in the House, de Venecia said the status quo will prevail because leaders of all political parties have agreed the arrangement suited everybody.

"We have not lifted the draw-bridges and we continue to maintain goodwill with the various groups in the House. We look forward to continuing these bridges of friendship and cooperation," de Venecia said.

Meanwhile, 41 LDP provincial and district chapters all over the country have declared their support for a resolution reaffirming Angara's leadership.

Angara has also won over about 14 congressmen to his side. The congressmen who refused to sign a resolution ousting him as party president were Thelma Almario (Davao Oriental), Maria Clara Lobregat (Zamboanga), Julita Villareal (Nueva Ecija), Bellaflor Castillo-Angara (Aurora), Ramon Bagatsing, Jr. (Manila), Martin Isidro (Manila), Edcel Lagman (Albay), Cando Marip (Basilan), Prospero Nograles (Davao City), John Osmena (Cebu), Carlos Padilla (Nueva Vizcaya), Allen Quimpo (Aklan), and Margarito Teves (Negros Oriental).

An earlier meeting held at the residence of Tarlac Congressman Jose Cojuangco, Jr. failed to resolve the quarrel among leaders of the party.

Senators Ernesto Herrera and Marcelo Fernan called on anti-Angara senators to stop engaging in intrigue, saying any attempt to oust Angara would fail at this time.

"They are merely engaging in wishful thinking in saying that a majority of legislators are backing their move for a leadership shake-up," Herrera said.

"I certainly agree that this call (for me to resign) is being sounded by a few disgruntled members of the party," Angara said.

"As you can see, the party leadership has been moving very quickly to reconcile whatever remaining differences among the party members. But what we denounced is this double-talking," Angara said.

He said there was a possibility of reconciliation with Senators Raul Roco and Heherson Alvarez provided "we get to talk to each other and that is what we are doing."

"Kaya nga lang ay mayroong mga interlopers nga na nakikialam at gusto nilang palakihin ito [But there are interlopers who are interfering and want to blow this out of proportion], and I think they are also unwittingly using the media to fan this rift," Angara said.

Roco said he was willing to talk to Angara provided the issue of confidence on the beleaguered LDP chief is first resolved. "All of that can be discussed," Roco said.

Gonzales said the Lakas-Laban coalition was never intended to be a permanent one and that its dissolution was inevitable. "The only question was when it should be done," he added.

Gonzales said the anti-Angara senators believe there was a need to unite with the administration as far as legislative agenda is concerned because it was their reading of public opinion.

"They perceive that the public pulse is in favor of unity and working together of the major political parties for the common good and general welfare," Gonzales said.

The majority coalition in the Senate is not the same as the Lakas-Laban coalition forged by Senate President Angara with Malacanang [Presidential Palace]. It is a multiparty alliance composed of eight LDP, three Lakas, two NPC [Nationalist People's Coalition], two LP [Liberal Party], and two independent senators," Gonzales said.

Philippines: Passage of Antiterrorism Law Urged

BK1302035596 Manila MANILA STANDARD in English 8 Feb 96 p 4

[Report by Marichu A. Villanueva]

[FBIS Transcribed Text] Sen. Juan Ponce-Enrile yesterday warned that the latest attack on the civilian population in North Cotabato last Sunday by the Moro Islamic Liberation Front (MILF) was a "direct, deliberate" challenge to the government's resolve to solve the Muslim separatists problem in Mindanao.

The latest MILF attack, Enrile said, should open the eyes of those opposed to the real threats the anti-terrorism bill is trying to address.

"We cannot even discuss the Muslim separatists problem in our anti-terrorism bill because they (MILF) will inject religious undertones to it to create international sympathy for them by their Islamic brothers abroad," Enrile explained.

But, he added, "the anti-terrorism bill is precisely the take-off point for discussing this problem."

Enrile expressed fears that the MILF's terrorism strategy has now shifted to attacks on the most vulnerable areas of the country.

"My guess is they (MILF) are testing the resolution of the government for real war. These things are happening not in capriciousness but in deliberate purpose," he warned.

Enrile urged oppositors to remove their biases against the anti- terrorism bill. Instead of blocking its passage into law, he said, they should revise those portions of the bill which are unacceptable to them.

The controversial bill met stiff objections due to its provisions on warrantless arrests, wiretapping and lifting of bank secrecy law.

Diversionary tactic [subhead]

As this developed, Brig. Gen. Raul Orgelio, commanding General of the 6th Infantry Brigade stationed in North Cotabato, said they suspect the MILF attack was a "diversionary" attempt to divide the military forces deployed in Carmen, Cotabato, site of the controversial irrigation project being threatened by rebel attacks.

Last Sunday's attack involved the burning of 64 houses of Christian and Muslim residents in barangay [village] Guiling and another sitio [village district] in the province, Orgelio told Sen. Orlando Mercado during a radio interview, but that there were no casualties.

"We are urging them (MILF) to respect their holy month of Ramadhan and stop these offensive attacks," Orgelio said over the radio program of Sen. Mercado in DZRH.

Gen. Orgelio said the ongoing peace negotiations with the Moro National Liberation Front (MNLF) will not prevent them from conducting pursuit operations against the MILF marauders.

However, Sen. Enrile said no amount of peace negotiations with the MNLF will stop the MILF from continuing with its separatists war against the Philippine government.

"Even if Mr. Misuari signs a peace agreement with the government a hundred times, this will not solve the problem in Mindanao," Enrile said.

"The biggest problem now is MILF," he warned, adding that MNLF chair Nur Misuari "is no longer leader of the separatists movement, he's no longer the main actor" in the south.

Philippines Government 'Silent' on Agreements With MNLF

BK1302053496 Manila MANILA STANDARD in English 9 Feb 96 p 3

[Report by F. V. Maragay]

[FBIS Transcribed Text] Malacanang is silent on a reported secret agreement between the government and the Moro National Liberation Front [MNLF] to expand the area of Muslim autonomy from the present four provinces to seven without a plebiscite.

The agreement was allegedly forged in Jakarta during the third round of formal peace talks there last November.

President Ramos skirted the question when he was asked about it by a Mindanao-based journalist at his press conference Wednesday.

But Mr. Ramos reiterated that the final settlement of the decades-old Muslim conflict was getting near.

"What is really happening is that the continuing peace process is reaching another stage," he said.

The president also confirmed reports that Saudi Arabia-based MNLF Chairman Nur Misuari was flying to Mindanao next month to meet with government peace negotiators preparatory to the fourth round of peace talks.

The fourth round of talks are tentatively scheduled in April in Jakarta.

Published reports, claiming a member of the joint cease fire committee as source, said the government and the MNLF have agreed to include Lanao del Norte, Cotabato, Basilan provinces in the area of autonomy without a plebiscite.

At present, only four provinces — Sulu, Lanao del Sur, Maguindanao and Tawi Tawi — comprise the Autonomous Region for Muslim Mindanao (ARMM).

The MNLF has been negotiating for the grant of autonomy to 13 provinces and nine cities mentioned in the Tripoli Agreement of 1976.

The other salient points of the alleged secret agreement are:

— The MNLF will not govern major cities within the provinces such as General Santos City.

— The election for ARMM officials which as been reset to September 1996, will be scrapped to give way to the transition government demanded by MNLF.

The territorial coverage of the autonomous region, the regional security force, the establishment of a provisional government and integration of MNLF fighters into the Armed Forces of the Philippines are the issues that have remained unresolved in the ongoing peace talks.

The MNLF has also been demanding the abolition of the existing ARMM which was created by Congress in 1989. It has been persuading the government to scrap the ARMM elections .

Mr. Ramos disclosed that Misuari, upon his return to Mindanao, will hold a dialogue with provincial governors, city and municipal mayors and other elective officials in areas being sought by the MNLF for inclusion into the autonomous region.

The president said the MNLF consultations with local officials was part of the agreement in the last Jakarta talks.

"The MNLF (members) are free to go around Mindanao, talk to elected officials of each province and city as well as leaders of the private sector," he said.

By conducting the dialogue, Misuari had hoped to counteract the resistance of the local populace, particularly in provinces where Christians are dominant, to the proposed autonomy set-up.

Meanwhile, the president revealed he had designated newly installed Agriculture Secretary Salvador Escudero II as the new Cabinet Office for Regional Development (CORD) for Southern Mindanao replacing former Agriculture Secretary Roberto Sebastian.

Mr. Ramos explained that he picked Escudero for the position because agriculture is the engine of economic growth of Mindanao.

He said Escudero will also assume the ex-officio post of chairman of the SOCSARGEN Development Council. SOCSARGEN stands for South Cotabato, Sarangani and General Santos City.

Thailand

Thailand: U.S. State Department Said Duped Over Narong Visa Ban

BK1302073596 Bangkok BANGKOK POST in English 13 Feb 96 p 3

[Unattributed report]

[FBIS Transcribed Text] A senior politician bent on the political destruction of Narong Wongwan induced the State Department to impose a visa ban on the Chat Thai deputy leader, a former assistant defence secretary claimed yesterday.

The politician fed allegations to the Central Intelligence Agency, which considered them suspect, and to the State Department, which acted on them, said Dr. Scott Thompson.

The veteran of the Gerald Ford administration said the politician, who he declined to identify, was happy to load the gun for the State Department to fire.

The State Department should put up the evidence or shut up, said Dr. Thompson who came to testify to the government-appointed Public Inquiry Committee at the invitation of Thanat Khoman, its former chairman.

Dr. Thompson's presence in Bangkok was thought to have been the work of Kamphon Saphawasu, son of Mr. Pramuan.

The American said he knew Mr. Kamphon.

In American intelligence circles, he claimed, data regarding Mr. Narong's case was widely considered contaminated, meaning it was based on potentially faulty information and had to be dismissed.

Dr. Thompson claimed the agency realised the information was suspect but the State Department was standing by it for fear of backing down and losing face.

Citing CIA sources he also declined to identify, he said the agency had not acquired the information in a careful way.

A visiting fellow at Chulalongkon University's Institute for Security and International Studies, Dr. Thompson said Washington did not want to admit to the mistake during this presidential election year.

Thailand: Claim of CIA Backing for ASEM Protests Rejected

BK1202052796 Bangkok THAILAND TIMES in English 12 Feb 96 p 1

[Report by P. Phongphiphatthanaphan]

[FBIS Transcribed Text] Bangkok — Foreign Minister Kasemsamoson Kasemsi said he will accept proposals from the Non-Government Organizations [NGO] at the Asia-Europe Meeting [ASEM] being held next month, according to NGO coordinator Kothom Ariya.

Kothom told the Thailand Times that he spoke to Kasem recently and received a favorable response.

According to Kothom, there will be about 80 representatives from 30 European and Asian NGOs participating the forum between Feb 27- 29.

"Kasem told me he will order deputy foreign permanent secretary Sarasin Wiraphon to coordinate with the NGOs and accept their proposals," Kothom said.

"It's very pleasing that the government will accept the NGOs' opinions."

Former prime minister Anan Panyarachun told the Thailand Times last Friday that he hopes the heads of the Asian and European governments will listen to the NGOs.

Anan, who currently chairs the Environment Institution of Thailand, said he was waiting for more details about the NGO Bangkok forum, believes that Asia-Euro heads will accept the NGO proposal.

"The Western countries normally respect the role of the NGOs," said Anan.

Thirty Asian and European leaders are scheduled to meet in their first-ever meeting in Bangkok on Mar 1-2 to forge closer political and economic ties.

ASEM is already marred by reports of planned protests by peace and anti-nuclear groups.

San Hatthirat and Weng Tochirakan, both medical doctors, who head the prestigious Democracy Confederation, have said that they would join the protests reportedly planned by the Forum of the Poor [FOP].

FOP launched several protests at the ASEAN summit in Bangkok last December.

Greenpeace and Amnesty International were said to have applied to participate in the NGO meeting this month.

But Kothom denied any involvement in the protests reportedly planned for the same time as ASEM.

"The NGO meeting will not be involved with the protest," Kothom said.

Former foreign minister Thanat Khoman has claimed that the US Central Intelligence Agency is behind the protest planned for the ASEM meeting.

"The US allocated money to back the protesters," he said.

"It's the same method that the Communists used in Thailand a long time ago" the well-known opponent of the United States said.

He added that the CIA has worked with former foreign minister Prasong Sunsiri.

But Khothom said Thanat may be "confused" about the purpose of the NGO meeting.

"I have never received money from the CIA and Prasong is not involved in the matter," he said.

He added that Thanat is paranoid and clings to old ideas.

Thailand: Danish Prime Minister Urged To Attend Bangkok Meeting

BK1302060696 Bangkok BANGKOK POST in English 13 Feb 96 p 2

[Unattributed report]

[FBIS Transcribed Text] Thailand has called on Denmark's Prime Minister Poul Rasmussen to reconsider his decision not to attend next month's meeting of Asian and European heads of government in Bangkok.

"We feel disappointed because this meeting is at leadership level and the Danish leader's reason is not clear," said Deputy Permanent Secretary for Foreign Affairs Sarot Chawanawirat.

"We ask him to reconsider [his decision] because it will create a bad precedent," Mr. Sarot added.

The Asia-Europe Meeting set for March 1-2 in Bangkok will involve 26 heads of government, including 10 from Asia and 16 from Europe.

According to Mr. Sarot, Thailand was informed of the Danish prime minister's decision during a preparatory meeting in Rome last week.

The Danish prime minister cited "personal" reasons, and will be represented by his Foreign Minister Niels Helveg Petersen.

Mr. Rasmussen was the third European leader to withdraw from the meeting.

Earlier, Spain made it clear that Prime Minister Felipe Gonzalez would not attend because general elections are due to take place in Spain on March 3.

Sweden's Prime Minister Ingvar Carlsson is not coming because of political pressures at home.

A separate meeting of Asian and European Foreign Ministers is due to take place in parallel with the leaders' meeting.

Britain's Foreign Minister Malcolm Rifkind has said he cannot attend this meeting, according to Foreign Minister Kasemsamoson Kasemsi.

Last week's session in Rome agreed that deputy foreign ministers or ministers in charge of relevant regions would attend if foreign ministers cannot come, an official said.

The session also agreed to recommend that the next meeting of Asian and European leaders take place during the first half of 1998 in Britain, which will then hold the rotating presidency of the European Union (EU).

The recommendation is expected to be included in the chairman's statement that is due to be issued at the end of the leaders' meeting.

According to Mr. Sarot, the Rome meeting reached consensus on the wording of the human rights clause in the chairman's statement.

Mr. Sarot and Antonio Neopolitano, the Italian Foreign Ministry ambassador in charge of Asian-European affairs, led the preparatory session.

The two sides agreed to a "limited" discussion on human rights, he added.

The European side accepted an Asian proposal on the United Nations documents relating to human rights, women and environmental issues that should be mentioned in the statement, an official noted.

These include the universal declaration on human rights, as well as documents released since 1992.

But some differences still exist on the nuclear free zone issue, and the question of United Nations reform, which are expected to be ironed out through talks with European embassies in Bangkok.

The European side wanted a change to the wording of the chairman's statement on the ban on nuclear weapons.

Japan, meanwhile, wants to talk about expanding the permanent membership of the UN Security Council, while some Europeans want to talk about financial questions.

Thai Defense Minister Says Burmese Refugees May Stay

BK1302082596 Bangkok THE NATION in English 13 Feb 96 p A2

[Unattributed report]

[FBIS Transcribed Text] Defence Minister Gen. Chawalit Yongchaiyut said yesterday Thailand would not push refugees from Burma back across the border but would provide them with refuge until the situation in Burma allows their safe repatriation.

He said refugees were under the supervision of the Interior Ministry and that the military only provided assistance at the initial stage.

Chawalit reiterated that Thailand's position was to prevent armed foreign groups from using its territory to attack others or to violate Thailand's territory and sovereignty.

He said he would undertake a two-day inspection tour on Thursday and Friday to observe the situation from Tak up to Mae Hong Son and Chiang Mai provinces.

Chawalit will receive a detailed briefing on Thursday from the Fourth Army Division's Special Task Force at Mae Sot and visit several refugee camps, including Shoklo, which have been repeatedly attacked by armed Karen Buddhist forces from Burma.

The defence minister, who will be accompanied by Deputy Army Chief Chettha Thanacharo, will also visit the disputed strategic mountainous terrain in Mae Ai district of Chiang Mai where Burmese troops moved after the withdrawal of opium warlord Khun Sa's Mong Tai Army in early January.

Chawalit's trip comes at a time when the government and armed forces are once again attempting to resolve the border conflicts which prompted the Burmese junta to close down the three main border crossings with Thailand.

The Burmese army has also in the past few months moved in large contingents of soldiers and deployed them in several strategic areas along the border.

The deployment of Burmese army units, especially close to Chiang Mai, Chiang Rai and Mae Hong Son, and the ongoing Burmese assaults against the armed ethnic Karenni group near Mae Hong Son have forced thousands of refugees to flee into Thailand and prompted the Thai Army to send additional troops into the areas.

Chawalit said the influx of refugees had caused problems for Thailand and there was no policy to move them deeper into the country as they might not want to return home later.

He said the refugees would be allowed to stay at locations near the border and that the government would increase measures designed to protect them.

Third Army Region Commander Lt. Gen. Thanom Wacharaphuk said he believed Chawalit would try to use the information he gathers during his trip to find a solution to the ongoing problems with Burma.

Thanom, who will head the Thai delegation to a meeting of the Regional Border Committee between Thailand and Burma on Feb 19-22 in Moulmein, said he would ask Burmese authorities to help control various active armed ethnic groups inside Burma.

Thai Report Views Lao Leader Changes After Congress

BK1302112196 Bangkok BANGKOK POST (INSIDE INDOCHINA Supplement) in English 13 Feb 96 p 1

[Report by Saridet Marukhathat: "Freeing-up of Economy Hinges On Ruling Party Changes]

[FBIS Transcribed Text] Speculation is growing over changes in key positions of the Lao People's Revolutionary Party which will determine how quickly Laos opens up its economy.

A date has yet to be set for the party's sixth congress, but a Laotian Government source said party President Khamtai Siphandon would call it soon.

The focus will be on State President Nouhak Phoumsavan. Laotian and diplomatic sources in Vientiane say his age could see him moved to another position.

Although the 81-year-old from [Thailand's] Mukdahan remains active, visiting people in the countryside, the party may advise him to drop state activities after decades of activity including fighting in the Indochina War and running party and government affairs.

He directed financial affairs and chaired the drafting of the constitution after Laos became communist in 1975.

After the death of national hero and leader Kaysone Phomvihan in 1992, Mr. Nouhak succeeded him as state president and Gen Khamtai became party chief. Mr. Kaysone had held both posts.

If Mr. Nouhak steps down as president, he will become a party adviser, filling a position previously held by three late colleagues — Phoumi Vongvichit, Prince Souphanouvong and Sisomphon Lovansai. Gen Khamtai will then be unchallenged as the new president, according to the sources.

Gen Khamtai's successor as premier will be widely debated, with the choice of two strong candidates, Deputy Prime Minister Khamphoui Keoboualapha and Defence Minister Choummali Sai-gnason.

Mr. Khamphoui is a rising star in the party and the favourite of several diplomats in Vientiane. Lt-Gen Choummali runs the most important ministry and is seen as a "revolutionary".

"One is responsible for the national construction and the other takes care of national defence. Both are key policies of the party," an observer of Laotian affairs said.

With no ideological clashes in the region, diplomats said the party needed a member skilled in economics, such as Mr. Khamphoui who handles the economy and investment.

"He is one of the most advanced thinkers and dynamic persons," one diplomat said.

"He is internationally recognised," another added.

Vientiane's decision to join Brunei, Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam in the Association of Southeast Asian Nations next year underlines the urgency given by Laos to widening contacts in the region.

However, as long as the party also stressed national defence, Lt- Gen Choummali would be in the running for premier, a Laotian source said.

Although anti-government movements in Laos are under control, their activities still worry the party and are regularly discussed with Thailand. Laos claims anti-government forces take refuge on Thai territory.

Lt-Gen Choummali's case is strengthened by his war record. He fought the French and Americans, as did Gen Khamtai, who was defence minister immediately after the communist takeover in 1975.

"Laotian revolutionaries have a promise not to leave each other," a Laotian source said, noting Lt-Gen Choummali would receive support from party members who favoured opening up the country slowly to foreign trade and investment.

"Selection between the two will decide whether the country opens up slowly or a little faster," another source said.

The 40-year-old party will also focus on unity when representatives of at least 60,000 members gather for the congress.

In his speech to members on the 40th anniversary of the party last year, Gen Khamtai emphasised "solidarity".

"One of our goals is to continue enhancing the solidarity of the party which has never been divided," he said.

Party members also are expected to usher new faces into the politburo of which three members, including Mr. Kaysone, have died since the 1991 congress. .

Among the candidates are Agriculture and Forestry Minister Sisavat Keobounphan, who was dropped from the politburo in 1991. His profile has been raised by articles he wrote on Laotian history in the party-owned PASASON daily newspaper to commemorate the 20th anniversary of the communist administration according to a Laotian source.

Foreign Minister Somsavat Lengsavat, who is acting chairman of the party's external relations committee, and Finance Minister Saisomphon Phomvihan, Mr. Kaysone's son, are other possible candidates, according to diplomats.

Mr. Somsavat has had run foreign policy single-handedly since the death of foreign minister and deputy premier Phoun Sipaseut in 1993.

Mr. Saisomphon, previously governor of Savannakhet, replaced Khamsai Souphanouvong in the finance post last year.

Thai Army Kills Alleged Separatist in South

BK1202051996 Bangkok BANGKOK POST in English 12 Feb 96 p 3

[Unattributed report]

[FBIS Transcribed Text] Yala — Army troops shot dead a bandit in Yaha District yesterday.

Soldiers and bandits clashed for the third time in two days in Ban U-beng, Tambon Patae, said police.

Two soldiers were wounded in Saturday's gun battle.

Police identified the dead bandit as Kheng, allegedly a member of the Barisan Revolusi Nasionale separatist gang which has been terrorizing local residents in this southern province for decades.

More clashes are expected as army troops and para-military defense volunteers conduct suppression drives against the bandits.

Thai Article Examines Study on Insurance Liberalization

BK1202044596 Bangkok THE NATION in English 12 Feb 96 p B1

[Article by Wichit Chaitrong: "New Insurance Study Called Into Question" — first paragraph is THE NATION introduction]

[FBIS Transcribed Text] The Insurance Department has come up with a new study on insurance liberalization intended to back its plan to issue as many 66 new licences. Wichit Chaitrong looks at its shortcomings.

The document, which is only 13 pages long, forecasts that direct life insurance premiums will reach a total of Bt [baht] 101.68 billion in 1999 and direct non-life premiums will be Bt86.12 billion in 1998.

Based on these projections, the department suggests that 36 new life and 35 new non-life licences should be granted.

The study doesn't elaborate on why the projection for the life business is for 1999 and non-life for 1998. Both projections are, however, based on the current annual premium growth of 20 per cent for the life insurance industry and 18 per cent for non-life.

Based on the above figures, the existing 13 life insurance companies will receive a direct premium of Bt85.62 billion out of Bt101.68 billion, according to the department's calculation, leaving the remainder to new operators in 1999.

Meanwhile, the 67 original non-life operators will generate a direct premium of Bt74,845 billion out of the total market value of Bt86.128 billion in 1998.

Therefore, the direct premium of the life business of Bt16.06 billion will be shared by newcomers, while the direct premium of the non-life business of Bt11.28 billion will be not gained by the original 67 firms, but instead by the newcomers in 1998.

The department has constructed the conceptual framework for the insurance business by referring to some research papers which conclude that insurance firms do not have the economy of scale character.

This means the cost function is not U-shaped, but rather L- shaped, the department said.

The L-shape indicates that operational costs will be high in the initial stages and decline at some point later on.

The department said that from such a model, new life insurance costs should be low after four years and firms should be able to increase premiums to an annual figure of about Bt450 million (Bt16.06 billion divided by the 35 newcomers).

Meanwhile, non-life operational costs will decline after three years and firms will be able to raise premiums to about Bt320 million (Bt11.28 billion divided by 36 newcomers).

When the newcomers reach this stage of development, the department said they will then have the requisite stability to carry on their businesses.

Therefore as 35 life applicants and 31 non-life applicants have met the preliminary requirements set out by the Cabinet and passed the tests given by the Insurance department, Commerce Minister Chuchip insisted that the number is not high. Deputy Commerce Minister Phairot Suwanchawi said that those awarded a licence but which do not want to carry out the business could have their licence revoked within 15 days without confiscation of the deposit amounting to five per cent of their minimum registered capital.

Applicants must place five per cent of Bt500 million for a life insurance business; and Bt300 million for a non-life firm as registered capital.

A former senior official of the Insurance Department said the statistics and information gathering by the department and life and non-life associations were not comprehensive and reflected the actual situation poorly.

He questioned the model used by the department, suggesting that although economic growth is high, income distribution is not even so the accuracy of the growth rate of premium revenue could be in dispute.

On the cost side, he said high operating costs will arise from fierce headhunting competition in an industry where there is a shortage of qualified personnel.

Thai Credit Rating Set To Remain Steady at 'A Class'

BK1302092596 Bangkok BANGKOK POST in English 13 Feb 96 p 18

[Report by Wichit Sirithawiphon]

[FBIS Transcribed Text] Thailand's credit rating would not be reduced from A class, said director general of the Fiscal Policy Office Somchai Richuphan.

Thailand will resume a class A credit rating due to its robust economic growth, he said as the country does not have any short-term economic difficulties.

It is however suffering setbacks because of its current account deficit.

This shortfall has already been tackled by a committee chaired by deputy prime minister Amnuai Wirawan, said Mr. Somchai.

Last year Thailand gained an A rating from Standard and Poor's [S and P]. The rating showed that Thailand was capable of repaying debts and could sustain its economic growth.

Mr. Somchai said yesterday David Beers, S and P's managing director of sovereign ratings met Finance Minister Surakiat Sathianthai to collect information on Thailand's credit rating. Information would be used to update Thailand's credit rating which would be announced in the next few months.

He said Mr. Beers did not pay much attention to Thailand's inflation which has risen beyond Bank of Thailand estimations. Thailand's inflation is lower than others, so it does not pose a threat to Thailand's competitiveness in international markets, he said.

Thailand's current account deficit — about 7.1% of GDP — does not affect the economy. The soaring deficit was caused mainly by imports of capital goods.

The deficit would be written off owing to higher production capacity as a result of the application of those capital goods in the long run, he said.

The soaring deficit was also caused by the appreciation of the yen. The situation is now recovering.

Therefore, the price of Japanese goods are more affordable, said Mr. Somchai.

Despite the current account deficit, Thailand is building up the country's foreign reserves.

But the current account deficit is a problem that must be soon addressed, otherwise it could erode the country's financial fundamentals, said Mr. Somchai.

S and P is interested in Thailand's approach to healing the current account deficit, he added. Thailand has tried to strengthen its maritime services by setting up its own commercial fleet.

He said Thailand's political development had faced hurdles owing to coup d'etat in the past. But now Thailand's political base has been developed. He said the political system would develop side-by-side with the economy and become highly stable.

Vietnam

SRV: National ASEAN Committee Set Up

BK1002162396 Hanoi VNA in English 1338 GMT 10 Feb 96

[FBIS Transcribed Text] Hanoi VNA Feb.10 — The prime minister has issued a decision on the organisation and operations of the National Committee for Coordinating Vietnam's ASEAN activities (or the National ASEAN Committee) which has been formed in the wake of Vietnam joining this regional grouping.

The committee will help the prime minister to guide all activities of ministries, public offices and mass organisations of ASEAN in all security, political, economic,cultural, social, scientific, technical and foreign affairs areas.

It is also tasked with recommendations to the prime minister of Vietnam's policies in its relations with ASEAN, including the country's annual and long-term plans on its involvement in this regional club, and will help the prime minister to inspect all programmes and projects on cooperation between Vietnam and ASEAN.

SRV Minister Evaluates Official Development Assistance

BK1102161396 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 9 Feb 96

[Interview with Professor Do Quoc Sam, minister of planning and investment, by unidentified correspondent in Hanoi; date not given — recorded]

[FBIS Translated Text] [Correspondent] Dear minister, could you provide some insight into the process of obtaining, and the use of, the Official Development Assistance from 1993 to 1995 in our country?

[Do Quoc Sam] Over the past three years, foreign fund providers have resumed their Official Development Assistance, or ODA, to Vietnam. Every year they commit a certain amount of money to us. So far, they have granted more than $6 billion to Vietnam.

There is a period of preparation before we can receive money from the ODA. When a country commits its assistance, Vietnam negotiates with the country on specific projects for ODA. After negotiations, the two sides sign a loan agreement, which is the second stage of the ODA. After signing the agreement, the ODA is gradually carried out. ODA projects normally are completed in two to three years. Some projects may need up to four or five years to complete. The total committed capital for Vietnam is $6 billion, but only more than $4 billion have been signed in all agreements and more than $2 billion have been provided. The rest will be granted in the following years.

It is possible to say that there are two types of ODA projects. One type is major infrastructure investment projects such as the National Highway No. 5 project, the National Highway No. 1 project, the National Highway No. 18 project, the Saigon Port project, the Haiphong Port project, and so forth. These projects require three or four years to complete; therefore, we have currently only completed the project planning, the consultant preparation, and the calling for international bidding for these projects. Some of these projects began construction in late 1995 and early 1996. We hope that all of them will be completed by 1998 or 1999.

In addition to the major projects, there are many small ones, which are to be completed in a short period of time every year. They are projects that provide technical support, economic studies, and development studies. These projects also provide assistance to Vietnamese banking, finance, legal, and administration organs so that they can catch up with future socioeconomic activities. The projects to provide medical, education, population assistance normally are small projects, which can begin immediately. So far, it is possible to say that all small projects have been carried out steadily and normally.

[Correspondent] At present, we do not have a national finance organization to plan for all ODA projects; therefore, only after the agreement is signed, can financial planning be outlined and submitted to the government for approval. This requires a lot of time. In order to create favorable conditions for the speedy execution of the ODA projects, what type of structure or policy should we implement to speed up the process?

[Do Quoc Sam] We are in the first stage of the execution of the ODA; therefore, we cannot avoid initial difficulties. So far, the government has issued general guidelines on obtaining and using ODA in its Decree No. 20. All central sectors, especially the Ministry of Planning and Investment, the Finance Ministry, the Vietnam State Bank, the Ministry of Foreign Affairs, and the Government Office, are working closely together to help the government execute the ODA projects. Up until now, certain regulations and concrete measures have been introduced; however, there are some problems that need to be dealt with in order to perfect the system.

In the ODA, we still have to negotiate certain issues, such as the funding and the loan interest for the project. We hope that in the upcoming period, an overall regulation will be established for all ODA projects in Vietnam to ensure smooth and convenient implementation.

In order to achieve that, all organs relating to the ODA must strive so that all projects in Vietnam are in the right target, development direction, and highly efficient. At the same time, we have to ensure that later on, the government can pay back the loan without much trouble.

[Correspondent] Dear minister, in the last conference, some deputies suggested the establishment of an independent organization to directly advise the government on the management and use of the ODA. In your opinion, is it necessary to set up such an organization?

[Do Quoc Sam] According to the Government Decree No. 20, the prime minister instructs the Ministry of Planning and Investment to act as a leading organ for the receipt and use of the ODA. We do not think that it is necessary to establish an independent organization to handle ODA, but we need to strengthen the sections that work with the ODA in the five central organs, especially in the Ministry of Planning and Investment. We have plans to increase our foreign economic relation section in charge of the ODA so that it can satisfactorily handle all ODA projects.

[Correspondent] Thank you, minister.

SRV Party General Secretary Interviewed

BK1302090296 Ho Chi Minh City SAIGON GIAI PHONG (Special Edition) in Vietnamese 19 Feb 96 p 4

[Interview with Do Muoi, general secretary of the Communist Party of Vietnam, by Viet Trung Tin; place, date not given — from the "Spring 1996" Tet special edition]

[FBIS Translated Text] [Viet Trung Tin] Dear Comrade: How do the results of 10 years of renovation affect the process of national development as we prepare to enter the new millennium?

[Do Muoi] The last 10 years has not been a long period of time, but it has had special meaning. This was the period when our party proceeded with the unprecedented renovation undertaking while our country was suffering numerous difficulties amid an international background of swift and complicated changes. Given this situation, our people strived to overcome all difficulties — sometimes in a very grave condition — and recorded important achievements to develop the economy, stabilize the socioeconomic situation, improve living standards for a large part of the public, firmly maintain national defense and security, broaden external relations, increase the people's trust in the party's leadership and in renovation, and enhance our reputation in the world community. These achievements have created a stronger position and more power for us to enter a new period of development — the period of accelerating the national undertaking of industrialization and modernization — and strive to transform our country into a industrialized country in a couple of decades to achieve the goal of a prosperous population, powerful country, and equitable and civilized country and accomplish Great President Ho Chi Minh's sacred testament.

The proud achievements recorded in the 10-year renovation once again affirm our people's great strength on the path to the 21st century.

We have sufficient foundation to believe firmly in the bright future of our nation. Our people won glorious victories in the national resistance wars; we will definitely attain decisive success in national construction during peacetime.

[Viet Trung Tin] In our national advancement process, how can our party renovate itself to accomplish the historic role of a vanguard party?

[Do Muoi] The coming years have very important meaning. When human beings enter a new century, many advantages and difficulties also emerge. With the progressive movement of history, our people must grasp all chances, exploit opportunities, push back dangers, overcome challenges, extricate the country from poverty and underdevelopment, and create the conditions for rapid development in the next century.

In order to accomplish the great historic task entrusted to it by the people, the Communist Party of Vietnam must surge forward to be on par with its revolutionary duty in the new situation, renovate and correct itself to build a really clean and strong party and truly represent the national intelligence of our times, thoroughly comprehend Marxist-Leninism and Ho Chi Minh Thought, inherit and develop national characteristics, and study and selectively adopt the quintessence of mankind and experiences from other countries to apply correctly and creatively to Vietnam's practical situation. It must incessantly heighten its ideological level, profound thinking, and practical experiences to outline correct guidelines and policies that are suitable to the people's wishes and the current development trend and satisfactorily organize for the implementation of these guidelines and policies, thus firmly advancing our revolution.

All party cadres and members must strive to study; improve their knowledge in all fields; train in their profession; improve their quality and morality; practice diligence, thrift, honesty, righteousness, and impartiality; actively fight corruption, waste, and bureaucracy; and continue to struggle and sacrifice for national independence and the people's freedom and happiness, thus proving worthy of the slogan "loyal public servants," as Uncle Ho used to say.

If we can do that, the people will definitely love us, believe in the party's leadership, and enthusiastically welcome and implement the party's policy and the state law, thus leading the renovation undertaking to success.

[Viet Trung Tin] Our people have noticed that your speeches and articles have referred very much to national traditions, cultural characteristics, and outstanding people in our history. Could you offer your opinion on this?

[Do Muoi] Our people have a tradition of patriotism, steadfastness, and indomitability. We have recorded numerous glorious victories over thousands of years of national construction and protection. The heroic tradition has created special characteristics of Vietnamese culture and literature over many generations.

The current renovation is based on this profound and firm foundation. Our greatest lesson is that we must always heighten the spirit of independence, sovereignty, self-reliance, and considering the people as the root and that all things are for the people and by the people. Our entire party, people, and Army are actively putting this lesson into practice. We must combine this traditional strength with the strength of our epoch, national strength with international strength, and internal strength with external strength, with national strength and internal strength as the decisive factors. Our people's strength comes from this national tradition and has been multiplied many times in the new era. Our entire history has proved that only our great people with invincible and united strength have been and will be writing glorious historic pages for the nation. Nobody else can do that. Preceding generations created the tradition; succeeding generations will inherit, develop, and glorify the nation and beautify the Vietnamese heroic tradition.

At the beginning of the Year of the Rat 1996, I hope SAIGON GIAI PHONG continues to develop the tradition of enthusiastic, accurate, and efficient writers, thus actively contributing to the renovation undertaking for the goal of a prosperous population, powerful nation, and equitable and civilized society. Through this newspaper, I wish the readers, southern compatriots, and all compatriots good health, happiness, and success.

[Viet Trung Tin] Thank you sincerely. We wish you good health in the new year.

SRV Government Thanks Press for Contributions, Cooperation

BK1102163096 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 10 Feb 96

[Report on Prime Minister Office's news conference in Hanoi on 10 February; portion recorded]

[FBIS Translated Excerpt] Minister Le Xuan Trinh, head of the Prime Minister's Office, held a news conference in Hanoi on 10 February to review the role of the press over the past year and to extend greetings to reporters and journalists on the occasion of Lunar New Year. Attending the function were general directors, editors-in-chief, directors, and representatives from mass media agencies at the central level, from Hanoi, and from other provinces.

Minister Le Xuan Trinh, on behalf of the Prime Minister's Office, briefed the representatives from mass media agencies on the government's appraisal of the press' activities in 1995. He said:

[Begin Le Xuan Trinh recording] First, the press has concretely contributed to maintaining national political-economic stability, accelerating production development, and improving the people's daily life. The press actively reported on the Prime Minister's efforts and on the Government's lines and policies to resolve various pressing socio-economic issues in 1995. Various newspapers, radio and television stations in Hanoi, Ho Chi

Minh City, and other localities consistently presented news and information on government activities, especially on its efforts to implement the 1995 state plans.

All mass media agencies promptly reported difficulties and obstacles faced by the government and localities throughout the country in carrying out the socioeconomic development plan. They also reported on the difficulties in fulfilling production targets, in balancing the state budget, in carrying out key projects, in improving state management work, in introducing the shareholding enterprise system, and in fighting hunger and poverty, and so forth. The press also made many useful proposals to improve state management work and to provide the government with information that helped it to take prompt and timely action to resolve various pressing issues, thus eliminating negativism and minimizing losses in 1995. Worthy of note were the Government's actions to stop the swift increase in the cement prices, to quickly overcome consequences of flash floods in the central and southern regions, to resolve obstacles in implementing decree No. 36-CP, to revise regulations on public works, and to contain inflation. The press' efforts to maintain its significant role in presenting news and information have received close attention by the Government and the Prime Minister. It can be said that some information that was provided by the press helped the Government and the Prime Minister to fulfill their supervision duties and to effectively resolve various issues. [End recording]

Minister Le Xuan Trinh also briefed reporters on the Government and the Prime Minister's appreciation for the contributions made by the press in propagating and encouraging our countrymen and combatants to improve their daily life in the border areas, offshore islands, and remote regions. The press has helped the government to promptly formulate correct and timely lines and policies to resolve various problems of our countrymen and combatants. The Minister also said that the Prime Minister commends the press for its efforts in promoting the implementation of the Government decrees Nos. 36-CP and 87-CP, and the Prime Minister's directive No. 46. The mass media agencies at the central and provincial levels have also helped our party and state record great achievements in diplomatic activities, especially in promoting friendship with countries around the world.

Minister Le Xuan Trinh also mentioned the Prime Minister's comments on shortcomings of the press in 1995. These include the hasty presentation of news and information and other minor mistakes made by some mass media agencies.

To conclude the news conference, Minister Le Xuan Trinh conveyed the Prime Minister's thanks to mass media agencies for their significant contributions in 1995 and his new year greetings to all reporters and journalists.

On behalf of members of the mass media agencies, comrade Phan Quang, chairman of the Vietnam Journalists Association and director general of the Voice of Vietnam, thanked the Government, the Prime Minister, and the Prime Minister's Office for their support and assistance given to the press throughout 1995. [passage omitted]

SRV: Buddhist Group Complains of Mistreatment of Detainees

BK1002083196 (Internet) SEASIA Listserv in English 9 Feb 96

["Press Statement" issued by the International Buddhist Information Bureau Official Information Service of the Unified Buddhist Church of Vietnam in Paris on 1 February]

[FBIS Transcribed Text] In a Message sent from his exile home in Dharamsala, India, dated January 24, 1996, His Holiness the Dalai Lama called on the Vietnamese Government to release "immediately and unconditionally" all leaders of the Unified Buddhist Church of Vietnam imprisoned for "legitimate expressions of the fundamental right to freedom of religion." The Message was sent to the International Buddhist Information Bureau (IBIB) in Paris in support of its campaign for the release of Venerables Huyen Quang, Quang Do, Tue Sy, Tri Sieu, Khong Tanh, Nhat Ban, Tri Luc, Hai Tang, Tri Tuu, Hai Thinh, Hanh Duc, Giac Nguyen, Phuoc Vien, Tam Can, Hue Dang Nguyen Ngoc Dat, lay-Buddhist Nhat Thuong and all other clergy and followers detained in Vietnam's campaign to suppress the independent Unified Buddhist Church of Vietnam (UBCV).

Recalling the vocation of all Buddhists, the Dalai Lama wrote:

"The Buddha's advice simply stated was to avoid harming others and if possible to help them. All other beings are just like us in that they want happiness and dislike suffering. By developing a sense of respect for others and a concern for their welfare, we reduce our own selfishness, which is the source of all problems, and enhance our sense of kindness, which is a natural source of goodness."

"It therefore gives me pain to learn that eminent leaders of the Unified Buddhist Church of Vietnam have been punished with imprisonment for doing no more than their Buddhist vocation demands. These Buddhists have been prosecuted for organizing a humanitarian mission to distribute relief aid to 500,000 victims of flooding in the Mekong Delta and for proclaiming the Unified Buddhist Church of Vietnam's right to exist. Such acts are simply the legitimate expressions of the fundamental right to freedom of religion."

"In the name of world peace, to which all humanity aspires, and in the name of compassion, to which all Buddhists aspire, I call upon the Vietnamese Government to release these eminent Buddhists immediately and unconditionally."

The Dalai Lama's Message of support comes at a crucial moment for UBCV Buddhists in Vietnam. Since the clamp-down on the UBCV Rescue Mission for flood victims in November 1995 and the subsequent arrest of Patriarch Thich Huyen Quang and his Deputy Thich Quang Do on 29 December 1994 and 4 January 1995, virtually the entire UBCV leadership is under arrest. Over the past few months, the Government has been discretely but systematically isolating Church leaders by sending them to remote prison camps, depriving them of visits and communications, and subjecting them to increasingly harsh conditions of detention. For example:

— Patriarch Thich Huyen Quang, still detained incommunicado in Quang Ngai, has recently been subjected to intense pressure by Party officials and Police who have threatened serious reprisals if he attempts to issue any further "Declarations" to UBCV Buddhists or protests to the authorities;

— Thich Quang Do, is suffering from severe privation and cold as a result of his transfer to Ba Sao reeducation camp in Nam Ha province, Northern Vietnam;

— Thich Tue Sy, an eminent UBCV scholar and historian, is in very poor health as a result of ill-treatment in Ba Sao camp. He was transferred from A 20 Camp, Phu Yen to Ba Sao last year after he took part in a protest over the authorities' refusal to let prisoners meet a delegation from the UN Working Group on Arbitrary Detentions which visited the camp in October 1994. He is serving a 20 year sentence;

— Thich Hai Tang, one of the four monks from Linh Mu Pagoda, Hue, condemned to 4 years imprisonment after the Buddhist demonstration in Hue on May 24, 1993, has been moved from Ba Sao to P4 prison camp near Hanoi. Thich Hai Tang suffers from stomach ulcers and chronic migraine, but is deprived of medication;

— Thich Hanh Duc, former Superior Monk at Son Linh Pagoda, Ba Ria-Vung Tau, was moved to K1 Camp, Gia Trung, an isolated prison camp near Pleiku without any notification to his disciples and family. He has undertaken several hunger strikes in protest against his arbitrary detention, and is now extremely weak.

Furthermore Buddhists in Vietnam express concern about the mysterious circumstances surrounding the death of Venerable Thich Ke Chau, Superior monk of the famous Thap Thap Pagoda in Binh Dinh on 24 January 1996. High dignitary of the State-sponsored Vietnam Buddhist Church (VBC), Chairman of the VBC Executive Committee in Binh Dinh Province, Thich Ke Chau was among the most outspoken critics of the State's religious policies. On 4 July 1995 he sent a Petition to Communist Party Secretary Do Muoi calling for the release of Venerable Thich Huyen Quang. The Petition was signed by 48 other officials from the State-sponsored VBC including the entire VBC Executive Board in Binh Dinh Province and heads of 7 district and municipal sections of the VBC in Central Vietnam (Ref. 09/PGBD/VT). Since then, Thich Ke Chau had been continually harassed by Security Police and his Pagoda placed under permanent surveillance. Buddhists in Binh Dinh say that Thich Ke Chau, aged 76, was in good health on the eve of his death, and had complained of no illness. He was found dead at 6:30 am the next day.

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